

IPART – Monitoring the NSW biodiversity credits market.

1. What has been your experience with the market in the 2024-2025 financial year?

Reverse tenders – we now find ourselves in the position of having to “reverse tender” to two different Government Agencies. We have the impression that the reverse tenders are run in order to “fish” for credit prices. Whenever an offer is made it is not enough to trigger the registration of an Agreement which, as you know, puts the landowner in a position of having to cope with Capital Gains Tax while at the same time the Agreement cannot be operated until the TFD is filled to 100%. Therefore these sites are not under active management for conservation or biodiversity increase. With either the BCT or the Taskforce the credits we have seen that have been offered to purchase would go nowhere near filling a TFD to 100%. It is therefore left for us to surmise that, as above, the reverse tenders are just fishing for prices.

We are kept ignorant of current prices and the communication flow is slow.

With the last BCT tender we received an acknowledgement of our tender, then, one month later we were told we were too late for the submission of our tender. We were overseas at the time and explained that we had had difficulty submitting (one day late). The email we received invited us to contact the BCT with an email address for that purpose – we have never received a response.

We have one Agreement ready for registration and another site with an Assessor's report which we submitted.

Therefore, our experience with the BCT and its communication has been, to say the least very unsatisfactory. This has resulted in 600 hectares of assessed area not being under active management primarily due to lack of communication.

2. Have you faced any difficulties or inefficiencies in buying or selling credits, including via the Credits Supply Fund?

Yes we have – please see our comment above.

There is no communication or anyone we can contact to speak to.

We were early adopters of the Biodiversity Scheme and found under the OEH that communication was excellent and open and transparent. The way the Scheme is currently operating with two Government agencies fulfilling the role of one by the OEH which had clear contact and communication. The current situation is quite the opposite.

3. What changes, if any, have you noticed in the performance and competition in the credits market during the 2024-2025 financial year?

There seems to be no change for the better – very poor communication at all levels. Under the old Scheme the market was an open market and purchasers (both public and private entities) were free to contact us regularly. Under the new Government Scheme we are at the mercy of public servants who are acting as a “middle man”, and our ability to make informed investment or divestment decisions has been eroded by the reduction of agency's ability to speak with us

and their credit sourcing authority has been transferred to the BCT. Private entities no longer see any point in talking to landholders since the BCT will “supply” their requirements.

4. What characteristics should be used to define sub-markets?

Same geographic area.

Best defined by ecologists and zoologists.

5. What has been your experience with brokers, accredited assessors and other third-parties in the market?

Brokers in particular are “skewing” the market having established relationships (perhaps familial within Government Departments?) which give them leverage over private landholders and enables price negotiation with purchasers when private landholders are left with no knowledge of potential sales.

In addition, the Scheme is now in a position where one Government Department can use its own land to generate credits and sell those credits to another Government Department without the additional burden of tax implications carried by private landholders. This gives the NSW State Government Departments an unfair market advantage against other proponents and allows a discounting of the price of credits.

6. What has been your experience with the Biodiversity Conservation Fund as a market alternative in 2024-2025 financial year?

It has not been an alternative to us and in fact we believe it has grown to the point where we have the BCT and Taskforce controlling the market and at the same time those same entities are competing between themselves in a reverse tender format.

It appears to have been orchestrated to drive pricing down to the point where the viability of sites is being questioned.

7. What are the pros and cons of the Biodiversity Conservation Fund’s increased use of variation rules and conservation actions to meet its obligations. If and how do you think this might affect trading activity?

The material increase in the Fund’s use of non-like-for-like acquittal pathways should probably free up the very stringent assessment of credits and should (will it ?) result in a more fluid market.

8. What changes, if any, have you noticed in the quality of information on credit prices, demand and supply (including reverse auctions and tenders) in the 2024-2025 financial year. Have your experiences using and navigating pricing information changed from prior years?

Prices for the reverse tender results seem to be very delayed enough so that they cannot be relied upon for the next reverse tender by either entity.