



18 November 2022

Independent Pricing and Regulatory Tribunal

ipart@ipart.nsw.gov.au

Dear Sir/Madam

Subject: Monitoring the NSW Biodiversity Credits Market

Lake Macquarie City Council wishes to comment on the draft Terms of Reference for Monitoring the Biodiversity Credits Market currently on public exhibition.

Local governments are important participants in the efficient operation of the Biodiversity Offset Scheme and have a strong interest in its operation. Key roles for local government are:

1. As a regulatory and consent authority in assessing biodiversity development assessment reports (BDAR) and making determinations of offset credit requirements in development approvals, taking into account the assessment made by accredited assessors.
2. As a developer of land requiring biodiversity offsets.
3. A potential provider of credits and land manager of offset sites, including stewardship sites.
4. A local strategic land use planning authority implementing local biodiversity policy.
5. Compliance and enforcement of consent conditions.

Monitoring of the NSW biodiversity credits market must have regard to the purpose of biodiversity offsets, which is to provide a land use planning mechanism for compensating for unavoidable biodiversity loss in order to achieve no net loss of biodiversity. Biodiversity offset arrangements also function as a mechanism to establish a suitable price for loss of biodiversity that reflects the scarcity and value of biodiversity in providing services to humanity.

Our Ref: F2016/00919 Your Ref:

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While efficient and equitable operation of a biodiversity offsets market is important, this only constitutes part of the effective operation of the biodiversity offsets scheme as a whole. There are circumstances where competition in the biodiversity offsets market is not possible and will hinder the effective operation of biodiversity offsetting.

Changes to the draft terms of reference are suggested to reflect the matters identified above:

1. An additional item should be added to task 1 as follows – “c. identifying and considering risks in market operation including the pricing and equitable sharing of risk.”
2. Relevant considerations should include specific reference to local government authorities as a stakeholder under point 2.
3. A further relevant consideration should be added under point 4 as follows ‘Equity and risk management affecting the operation of the Scheme’.
4. The process of monitoring should be amended to specifically refer to local government authorities, since they are more than ‘interested parties’ and have both statutory roles under the Biodiversity Conservation Act 2016 and an interest in biodiversity offset outcomes.

As an important stakeholder in the operation of biodiversity offsets, local government looks forward to consultation in relation to monitoring of the NSW biodiversity credits market.

Thank you for your consideration of the above matters. Should you require further information, please contact me on [REDACTED].

Yours faithfully,

[REDACTED]
Environmental Planner
Environmental Systems