



Ms Carmel Donnelly PSM
Chair
Independent Pricing and Regulatory Tribunal

By email: [REDACTED]

Dear Ms Donnelly

As you are aware, IPART has been developing its third biodiversity credit market monitoring report, and released a discussion paper and held public consultation sessions to obtain input and views on the scheme.

The Department of Climate Change, Energy, the Environment and Water and the NSW Biodiversity Conservation Trust are concerned that some statements in the discussion paper and communicated in the public workshops are incorrect or missing important context.

A summary of these statements, and our responses to them, are set out in the attachment to this letter. We hope that IPART takes this into account and that this information helps to ensure IPART's final report is accurate and helps to ensure continued focus on improving operation of the biodiversity offsets scheme.

As covered when we met early in the year, the NSW Government has been making significant changes to reform the scheme and some of these changes are still being implemented, including further regulatory changes, expected to be finalised in 2026.

Yours sincerely

[REDACTED]

**A/Deputy Secretary
Conservation, Planning, Heritage and Regulation
Department of Climate Change, Energy, Environment and Water**

5 December 2025

cc: [REDACTED]

Attachment: correction of information relating to the biodiversity offsets scheme

Discussion paper

Issue	Response
On page 3, increased Biodiversity Conservation Fund (BCF) acquittals is related to 'rule changes that allowed for a significant portion of the Fund's acquittals to take place that are not necessarily on a like for like basis.'	There has been no change to clause 6.6 of the Biodiversity Conservation Regulation 2017 (BC Regulation) that establishes how the BCT can acquit credit obligations transferred to the BCF. This misrepresents the reasons for the increased rate of acquittals.
On page 10, a footnote states that conservation actions can meet credit obligations and uses the example of research.	The BCT provides funding to DCCEEWS Saving Our Species program to fund actions that align with the Saving Our Species strategies and have a primary focus on delivering direct on-ground outcomes providing additional benefit to the impacted entity.
On page 6, market concentration is highlighted as a concern.	The timing and number of credits being purchased in the market usually relates to projects that need to meet an offset obligation, for example, as set out in a planning or infrastructure approval. This is not an indication of market concentration, but proponents that have a defined window in which to meet offset obligations.
On page 4, BCF and supply/demand data is overstated	The BCF data includes credits that BCT has already committed to purchase, and overstates the outstanding number of credits which are held in the BCF and not yet met (demand). Supply of available credits is also overstated as BCT has committed to purchasing some of these credits.
On page 5, there are suggestions that credit transactions and credit generation has slowed.	New credits are being created at a rate that exceeds the number of transactions and retirements.
On page 5, comparisons are made about the number of credits being generated per hectare	Credits are created based on application of the Biodiversity Assessment Method. For example, including areas of higher condition vegetation within a biodiversity stewardship agreement can reduce credit yield. The Biodiversity Assessment Method accounts for these differences based on a no net loss standard. The number of credits being generated per hectare on an annual basis is not a sound or effective performance measure for the scheme.
On page 9, BCF retirement timeframes is related to retirement fees.	The lag between transfer and retirement recently is largely because the BCT has prioritised obtaining credits. These credits will be retired within the next year. It does not relate to retirement fees.

Stakeholder workshops

The following information should be noted:

- The government has delivered several measures to remove barriers to market participation, including:
 - The Biodiversity Stewardship Support Program, which provides a way for landowners to create biodiversity credits with no upfront biodiversity assessment cost
 - The Credits Supply Fund, which helps match buyers and sellers, and uses reverse auctions and market soundings to identify efficient prices for credits. The Credits Supply Fund operating protocol is published on the department's website and covers probity, competition law and competitive neutrality and is informed by external probity advice.
- The success of these programs in addressing barriers to market participation is evidenced by the year-on-year increases in the number of BSAs entered into and the year-on-year decreases in reliance on the BCF, in line with government commitment to reducing reliance on the BCF.
- The BCT calculates the price to pay into the BCF in accordance with the BOPC Order as approved by the Minister. The delivery fee component of the BOPC charge is only used to cover BCT's costs to secure offsets on behalf of development proponents. All other funds paid by developers into the BCF go directly to offset delivery. If the BCT can secure credits for less than the amount paid in to the Fund, the excess funds are used

to secure higher-cost credits elsewhere. Developer payments into the BCF are not used to fund any aspect of BCT business other than its statutory role to deliver offsets on behalf of developers.

- BCF charges are updated annually. The most recent annual update on 1 July 2025 led to price increases for 60% of credit types. Prices for 32% of credit types rose by more than 10%, with prices for 16% of credit types rising by more than 20%.
- The BCT follows the *Guideline for managing and disclosing unpublished information that may impact on biodiversity credit prices* and external probity advice when sharing any information with the department, including pricing information.
- The BCT complies with the BC Regulation which establishes a hierarchy of options the BCT can use to secure its credit obligations. The BC Regulation establishes a hierarchy of options the BCT can use to secure its credit obligations. If the BCT meets its credit obligations by retiring a like-for-like credit or a credit under the variation rules, the Biodiversity Conservation Act 2016 requires the BCT to retire the same number of credits as were paid into the BCF. This was clarified in amendments to the BC Act which commenced in March 2025.
- The BCT Board maintains strong oversight over the BCT's application of the hierarchy. The BCT Board establishes principles for how the BCT will apply the hierarchy, including a minimum number of times that the BCT must test the market for like-for-like credits before moving to the next level in the hierarchy.
- The BCT does not make "profit" from its role, as part of the scheme, in securing offsets via the BCF. All funds from developer payments are used to secure offsets in accordance with the Act and Regulation. The delivery fee the BCT receives as part of the Biodiversity Offsets Payment Calculator is all paid towards meeting the BCT costs in administering this function.