



Native
Vegetation
Panel

Native Vegetation Panel Secretariat

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Dear Sir/Madam,

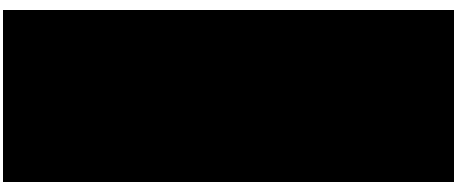
Re: NSW Native Vegetation Panel - Submission in response to the Discussion Paper - 2024-25 Biodiversity Market Monitoring Review - 30 October 2025

The Native Vegetation Panel is pleased to take this opportunity to comment on the Discussion Paper - 2024-25 Biodiversity Market Monitoring Review - 30 October 2025.

The Native Vegetation Panel is an independent NSW Government Agency established under Part 5A Division 6 of the *Local Land Services Act 2013*. The Panel is a determining authority for certain native vegetation clearing applications and hence an important part of the NSW Government's Land Management and Biodiversity Conservation Framework.

Please find attached the Panel's submission. If you would like to discuss this submission, contact details for the Panel Secretariat are provided above.

Yours sincerely,



Attachment - NSW Native Vegetation Panel Submission in response to the Discussion Paper - 2024-25 Biodiversity Market Monitoring Review - 30 October 2025.

NSW Native Vegetation Panel Submission

IPART Discussion Paper

2024-25 Biodiversity Market Monitoring Review - 30 October 2025

Introduction

The Native Vegetation Panel (the Panel) is an independent statutory body established under the *Local Land Services Act 2013* (LLS Act). The Panel is responsible for assessing applications for clearing native vegetation and issuing approvals or refusals pursuant to s.60ZF of the LLS Act and s.2.14 of the *State Environmental Planning Policy (Biodiversity and Conservation) 2021*.

Approvals issued by the Panel require applicants to offset their native vegetation impacts in accordance with the Biodiversity Offset Scheme (BOS). The Panel therefore welcomes the opportunity to comment on IPART's recent report titled "Discussion Paper - 2024-25 Biodiversity Market Monitoring Review - 30 October 2025" (the report).

Primary Concerns with the Report

A primary concern is that IPART continues to not define and assess the concept of market performance. Of fundamental relevance to this issue is the need for an appreciation that the BOS was established by the NSW Government to achieve certain biodiversity outcomes on behalf of the citizens of NSW (the stakeholders). Therefore, an assessment of performance must relate directly to the extent to which those biodiversity outcomes have been achieved.

It follows that any performance assessment should focus on the contributing role of the BOS to the purpose of the *Biodiversity Conservation Act 2016*, which is "to maintain a healthy, productive and resilient environment for the greatest well-being of the **community**, now and into the future, consistent with the principles of ecologically sustainable development" (note the 15 sub-purposes of the Act at section 1.3).

However, despite the supporting role of the BOS to the Act purposes being stated on the first page of the report as being to "offset the impacts of development and some types of land clearing on biodiversity in NSW", IPART's performance assessment simply focuses on conveying the issues and satisfaction of market participants (the clients). For example, note feedback question 3 on page 8 that requests comment on performance from a client perspective.

In view of this fundamental concern, it is strongly recommended that IPART bring forward an analysis focused on conveying to stakeholders what the BOS has achieved and at what cost (the public value proposition).

Relevant to the abovementioned cost is the assessment of competition within the NSW Biodiversity Credit market. IPART's analysis thus far, based on the Herfindahl-Hirschman Index, is limited to measures of market concentration, i.e. the number of entities on the demand and supply sides of the market. However, the number of entities in a market explains little regarding competition, pricing efficiency, or the presence of anti-competitive behaviour. The approach also appears to totally ignore the impact of another important market participant, that being credit brokers, and the impact of their activities on credit prices and availability. A logical next step in any competition assessment would be an analysis of credit prices and market participant margins, however, the report contains no price analysis, nor an indication of an intent to do so.

In summary, the report therefore makes no conclusions on the performance of the BOS and no conclusions in relation to the competitiveness of the market.

Despite these deficiencies, IPART nevertheless endeavours to identify issues such as the proposition that the ability of proponents to pay into the BCF is preventing the market from developing. However, given the data presented in the 2024-25 report, it appears that the market has developed significantly given the growth and changes in credit sourcing pathways that have occurred.

Further, given the data presented suggests demand will continue to substantially exceed supply for the foreseeable future, which has already resulted in the BCT invoking the variation rules, consideration has not been given to opportunities such as the BCF and the funds it attracts, potentially being a strategically important tool in addressing the growing supply-side constraints.

Other issues identified by IPART such as those at points 2-5 on page 1 of the report, including:

- high up-front costs and long credit generation times;
- market participants lacking timely and accurate information;
- high transaction costs and market complexity discouraging participation; and
- stakeholders (clients?) lacking confidence in market oversight and governance hindering their participation in the credits market;

appear largely to be issues raised by clients at buyer and seller workshops with no accompanying assessment of how relevant each of these are to the Terms of Reference matters of program performance and competition.

Given the further buyer and seller workshops planned, a concern is that a further list of issues will be identified that will tend to reflect the private interests of market participants rather than the public issues and concerns of the citizens of NSW.

Performance Assessment Against the Purposes of the Act and the BOS

While the lack of a performance assessment in the report has been highlighted, it is re-emphasised that IPART's performance assessment must now focus on the extent to which the BOS has met and is likely to meet its stated objectives, and in so doing make a significant contribution to the purposes of the Act. In this regard, we draw particular attention to the Act purpose at s.1.3(m) which states:

- to establish market-based conservation mechanisms through which the biodiversity impacts of development and land use change can be offset at landscape and site scales.

A critical element of any performance assessment at a landscape scale is the extent to which the BOS and its administration have engaged with regional communities and contributed to local solutions and enhanced native vegetation connectivity across regional NSW. Note that the Panel has consistently raised this concern in its submissions to:

- the IPART 'Monitoring the Biodiversity Markets in NSW' - Issues Paper July 2023; and
- the DCCEE Options Paper on 'Refined Regulatory Proposals for the BOS' - September 2025.