



4 August 2023

Independent Pricing and Regulatory Tribunal
Via website submission portal

Submission with respect to the Review of the Biodiversity Credit Market

Background to Sealark's Involvement in the Biodiversity Credit Market

Sealark Pty Limited is a major landholder in the Shoalhaven LGA owning 2,768 Ha of land with almost 2,200Ha secured in four major Biodiversity Stewardship Sites. Sealark's BSA's were initially established under the now repealed *Threatened Species Conservation Act 1995* so the credits we own are "Biobank credits" (or BBAM credits).

The credits we own will be used to offset our own development, with surplus credits sold on the market.

Two of our BSA's are in "active" management mode as sufficient credits have been sold to raise the TFD to 100% satisfied. The remaining two BSA's have the TFD partially satisfied from credit sales.

Sealark welcomes IPART's investigation into the operation of the credit market.

Two Types of Credits and Two Separate Credit Markets

As outlined above, there are a significant number of BBAM credits available in the market place.

There is also a significant number of BAM credits available. BAM credits are those credits which have been created under the Biodiversity Conservation Act 2016 (BCA) via the Biodiversity Assessment Methodology (BAM).

This results in two types of credits being tradeable but BBAM credits are not traded in the same market as BAM credits.

BBAM credits can be used to satisfy offset obligations created under the BCA though a "Statement of Reasonable Equivalence". Typically, 2 to 4 BBAM credits are equivalent to 1 BAM credit. The price is therefore typically ¼ to ½ the price of a BAM credit.

However, credits and trades of BBAM credits is kept on an entirely separate register which is publicly available on the biobanking section of DPE's website. "Equivalent BAM" credits are

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visible on the BAM credit register when a site has been issued with a “Statement of Reasonable Equivalence”.

So the reality is there are two separate markets operating and parties have to be aware of this. Many parties will satisfy an offset obligation via retirement of BBAM credits which will not be visible on the BAM market register. At the same time, proponents of older DA’s may use BAM credits to offset their BBAM offset obligation.

BBAM trades are not visible on the “dashboard”.

Specific Issues Raised in the Discussion Paper

Comments on the specific issues sought is outlined below:

Item	Comment
1	It is our view the current market provides a satisfactory contribution to achieving the BOS’s purpose. However, we are only familiar with what is occurring through the Shoalhaven LGA, and don’t have visibility across the state.
2	It is our view that “Continuous Supply and Demand” of credits may not be achievable in the credit market for all credit types or even in each “offset trading groups”. Smaller land parcels make the cost to establish and maintain a BSS cost prohibitive, which may mean in particular areas the supply of credits is limited. The other factors would appear reasonable for an effective market
3	The credit dashboard shows very few trades are occurring. We are not sure if the information provided in the dashboard is complete, accurate and up-to-date, but it should be. It should also be noted that the credit dashboard does not show BBAM trades.
4	An up-to-date credit dashboard and the background information behind the dashboard (which is available, although in an unwieldy excel spreadsheet) should be available for both BAM and BBAM credits.
5	Sealark has not used a broker for any of its sale trades.
6	The rules are relatively clear although they do get complex when trading between TEC and non-TEC types. Further clarification should be available.
7	Other things that should be considered are whether the current pricing signal is suitably high to prevent developers from moving into the higher priced credit areas.
8	As outlined earlier, we have 4 x biobank agreements (that operate as BSA’s). We are considering establishing a 5 th BSA (this one would be under the BCA). At this stage, we have not proceeded with any agreements.

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9	We have modified one of our biobank sites as we had to subdivide the land so that we could formally register the agreement on title, without encumbering adjacent parcels.
10	No.
11	We still have unsold credits at this stage on all four of our BSA's. Two of our BSA's are in active management mode with the 100% TFD being provided through credit sales. The other two sites are on their way to 100% TFD, subject to future credit sales
12	Sealark has not purchased any credits in the market at this stage.
13	No.

Thank you again for accepting this submission.

Regards,

Matt Philpott
Managing Director – Land and Development

Sealark acknowledges the traditional custodians of the lands on which our business operates and recognises their continuing connection to land waters and communities.

We look forward to sharing in a common future.

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