



27 November 2025

Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop NSW 1240
Email: ipart@ipart.nsw.gov.au

Submitted via IPART website

Dear Sir or Madam,

IPART review of biodiversity offset credit market

The Urban Development Institute of Australia NSW (UDIA) is the state's leading development industry body, representing more than 500 member companies and agencies across the public and private sector.

We appreciate this opportunity to provide feedback on the 2024-25 Biodiversity Market Monitoring Review Discussion Paper.

UDIA represents the largest user group of the NSW Biodiversity Offsets Scheme. Our members have extensive on-the-ground experience in matching offset obligations with available credit supply. Our consistent message to Government is clear: the Biodiversity Conservation Fund (BCF) is an essential mechanism that must remain available to acquire offset obligations.

Despite welcome initiatives, particularly the establishment of the Biodiversity Credits Supply Fund (BCSF), there can still be challenges to find suitable like-for-like credits on the market, particularly given industry does not have access to the same variation tools available to the Biodiversity Conservation Trust (BCT). In some cases, market credit supply remains too thin, too uncertain, or too slow to support development timeframes.

The BCF fills this structural gap. Removing or restricting access to the B5CF would stall housing and employment-generating projects and introduce new layers of cost, delay and uncertainty without demonstrable ecological benefit.

UDIA offers the following recommendations to ensure the offset credit trading market can support the delivery of new homes and jobs.

UDIA strongly recommends:

1. The BCF must be maintained as a viable option to acquit offset obligations.

Within the highly regulated, slow and uncertain development planning system in NSW, the BCF provides a relatively practical, fast and financially predictable pathway to meet the important step of acquitting an offset obligation to allow a development to commence.

The BCF fee structure appropriately incentivises proponents to seek credits on the market first, with payment into the BCF used only when matching credits are not reasonably available on the market. It is especially important for small or hard-to-source credit obligations and for projects with critical time conditions. Any reforms must protect this functionality for the development industry.

2. Offset trading rules should be simplified to promote wider market participation.

The current offset trading rules remain overly complex and constrain the ability of buyers and sellers to transact. UDIA recommends:

- Support more direct purchaser-to-supplier transactions by making the trade easier to execute. This should include: online forms including standardised credit transaction legal agreement (like a standardised house purchase), digital verification of identity and a significantly reduced credit transaction fee. This is particularly important for low and moderate value transactions. Currently, the transaction fee is a flat \$1,905, irrespective of the number of credits transacted. This results in a disincentive to buy a small number of cheaper credits on the market, since the transaction fee can easily eliminate any cost savings versus the BCF option. This market disincentive could be addressed by improving the transaction process overall, including significantly reducing the transaction fee either in general, or for lower and moderate value transactions specifically.
- Reduce the number of offset trading groups, particularly where ecological differences are marginal or overlapping.
- Consider adjusting or removing location rules for certain ecosystem / vegetation credits where ecosystem integrity is not strongly driven by geographic context, and where regional biodiversity values are not compromised. Relaxing strict location-based constraints on credit trading could expand appropriate credit supply.
- Consider allowing broader trading for non-threatened vegetation communities that are not listed as threatened and do not support highly specialised or range-restricted species. In such cases, trading could occur at the level of vegetation formation, rather

than the more restrictive vegetation class. This could expand market supply while still maintaining ecological relevance.

Simplifying the trading framework would boost credit supply, improve market liquidity, and make it easier for proponents to satisfy their obligations without administrative delay.

Conclusion

UDIA appreciates the opportunity to provide feedback on the 2024-25 Biodiversity Market Monitoring Review Discussion Paper.

We reiterate that retaining the BCF and ensuring offset credits are efficiently accessible to development proponents are essential steps to ensuring the biodiversity system supports, rather than constrains, NSW's housing and employment objectives while still delivering strong conservation outcomes. Please contact [REDACTED] [REDACTED] with any questions or follow up.

Kind regards,

[REDACTED]