

Summary of stakeholder workshops - Biodiversity Credits Market monitoring review

10 December 2025

Overview

The NSW Government has engaged IPART to monitor the performance of and competition within the biodiversity credits market for 3 years from 2022-23. As part of our third annual review, we held a series of workshops to consult with stakeholders on their experiences in the credits market.

	Date	Stakeholder group	No. of attendees
Workshop 1	11 November 2025	Credit buyers	~25
Workshop 2	13 November 2025	Third parties (e.g. accredited assessors, brokers, consultants)	~30
Workshop 3	18 November 2025	Credit sellers	~50

Each workshop commenced with an introduction by a member of IPART's Tribunal on our role, followed by a short presentation on our focus areas and an overview of market activity in 2024-25. The presentation slides for each of the workshops are available on our [website](#).

Below is a summary of the key matters raised by stakeholders across the three workshops.

Government entities and their operations in the market

Theme	Summary of discussion
Role of Government intermediaries	<ul style="list-style-type: none">Some stakeholders questioned the need for government intermediaries, such as the Credits Supply Fund. They noted that a market that more easily facilitated direct transactions between buyers and sellers would be preferred ahead of using third-party intermediaries.Other stakeholders credited the usefulness of government intermediaries, including both the Supply Fund and the Biodiversity Conservation Fund, for providing faster pathways to meet acquittal obligations, relative to creating new Biodiversity Stewardship Agreements (BSAs) or procuring credits in the market.One stakeholder suggested that a centralised entity offering both the Biodiversity Conservation Fund and Credits Supply Fund's services would be preferred as an alternative to separately approaching the two entities.Stakeholders expressed concern about government entities acting as both market operators and competitors. They suggested it led to conflicting interests and a potential for cartel conduct. Some examples cited were the Trust's role as market participant and scheme administrator, and the Supply Fund's role in subsidising new BSAs and administering reverse auctions. They argued that government entities were not upholding their obligations to probity and fairness and called for more scrutiny into their allocation of responsibilities.

	<ul style="list-style-type: none"> Some stakeholders suggested the Biodiversity Conservation Trust was profiting from the delivery fee it charges to developers, or from the difference between the funds paid by developers and those spent by the Trust on purchasing credits. We note that these claims are inaccurate. The Trust does not earn a profit through these means and operates as a statutory not-for-profit entity under the <i>Biodiversity Conservation Act 2016</i>. All funds from developer payments, apart from the delivery fee, are used to deliver offsets. The delivery fee is set by the <i>Biodiversity Offsets Payment Calculator 2022</i> and provides partial cost recovery for the Trust's activities in delivering offsets.
Changes to Government entity roles or scheme rules	<ul style="list-style-type: none"> Stakeholders expressed frustration at the frequency of changes to trading rules, assessment methodologies and other Scheme amendments without sufficient consultation or consideration of their impacts on trading activity and prices. They believe this has resulted in uncertainty for participants, influenced market confidence and undermined those who have made investment decisions under prior rules. A stakeholder asked for flexibility in the timing of market changes, to allow participants to adapt to changing rules and market circumstances. A number of stakeholders expressed a lack of trust and certainty in the government's administration of the market.
Supply Fund and reverse auctions	<ul style="list-style-type: none"> Some stakeholders spoke about their reluctance to seek credits through the Supply Fund due to its 8% cost recovery markup on credit prices. They noted that generating credits through a new BSA is often cheaper than participating in the Supply Fund reverse auctions, but requires a longer lead time and upfront investment. We received feedback that stakeholders could achieve "successful" bids through the reverse auction in advance of the Supply Fund confirming a buyer for those credits. Stakeholders felt this resulted in more uncertainty and delayed payments. Stakeholders reiterated that the Supply Fund had advantageous access to some pricing information through reverse auctions.
Biodiversity Conservation Fund and credit tenders	<ul style="list-style-type: none"> Some stakeholders reflected on the importance of the Biodiversity Conservation Fund option in providing an acquittal pathway for credits that are difficult to locate or unavailable. They noted that the ability to acquit offset obligations by paying into the Biodiversity Conservation Fund allowed developers to be 'nimble' in their offsetting approach. Stakeholders felt the Biodiversity Conservation Fund pay-in charge was setting a price-ceiling for credits sold in the market. Some stakeholders believed there was a downward trend in credit tender prices, and attributed this to the effect of the Fund pay-in price. Some stakeholders criticised the Biodiversity Conservation Fund charge report for not publishing the full Fund charge – i.e., inclusive of administrative fees, risk premiums and indexation payable to developers. They called for better reporting of the Fund charge and noted that publishing the incomplete fee set potentially misleading price expectations for buyers in the market. We note that following the workshops, IPART raised this matter with the Biodiversity Conservation Trust. The full set of charges, inclusive of the risk premium and delivery fee, was subsequently included in the December 2025 version of the Biodiversity Conservation Fund charge report.
Changes to the Biodiversity Conservation Trust's acquittal rules	<ul style="list-style-type: none"> Stakeholders argued that the Biodiversity Conservation Trust's ability to offset obligations using variation rules and conservation actions has created uncertainty for suppliers and distorted demand signals.
Stewardship Support Program	<ul style="list-style-type: none"> Stakeholders reflected that the Government's funding of Biodiversity Stewardship Site Reports (BSSAR) – a key step in applying for a BSA – for select participants has impacted the market and placed self-funded participants at a disadvantage.

Supply and price

Theme	Summary of discussion
Biodiversity Stewardship Agreement (BSA) establishment	<ul style="list-style-type: none"> Stakeholders highlighted the challenges associated with BSA variations, noting that there are high financial and administrative costs involved, alongside the timing constraints that are defined by the legislation. Stakeholders gave examples of high assessment costs and prolonged timelines for species credit assessments. They expressed that given the costs and uncertain outcomes of assessments, generating species credits was a high risk borne entirely by landholders.

Developer-owned BSAs	<ul style="list-style-type: none"> Some development proponents told us that lengthy BSA application and assessment processes (particularly species credit assessment protocols), were leading them to use other methods of offsetting. Other developers noted that despite the long lead times, establishing their own BSAs was their preferred method of acquittal because of the cost savings and certainty. Stakeholders inferred that the option to self-establish credits was more accessible to larger proponents than smaller ones due to in-house expertise, cost and time required to establish a BSA. Stakeholders indicated that due to greater acceptance of social license, developers are preferring traceability and integrity of biodiversity outcomes in consideration of acquittal pathways.
BSA Financing	<ul style="list-style-type: none"> Stakeholders found difficulties obtaining financing for stewardship sites due to uncertainties around: <ul style="list-style-type: none"> the level of income that can be derived by the landholder through the Total Fund Deposit after land management actions pricing information and the valuation of credits legal structural issues and the unique nature of biodiversity assets.
Supply	<ul style="list-style-type: none"> We heard that developers were finding it challenging to source credits in some rural areas where there was a lack of credit generating activity. A stakeholder asked for IPART quantify the up-front costs borne by landholders.
Pricing	<ul style="list-style-type: none"> One stakeholder argued that contrary to feedback received to previous IPART reviews, BSA establishment can be done cheaply, and landholders can easily generate credits below the BCF pay-in price

Transaction costs, entry costs and timeframes

Theme	Summary of discussion
Need for a trading platform	<ul style="list-style-type: none"> Reflecting on their difficulties locating credits for sale, some stakeholders recommended a real-time, centralised trading platform to reduce inefficiencies in credit search and negotiation timeframes. They remarked that the availability of a centralised trading platform would reduce the need to use government intermediaries. Some regulated businesses noted that a centralised trading platform would also assist to demonstrate value for money in credit procurement processes.
Transaction timeframes	<ul style="list-style-type: none"> Extended transaction timeframes and processing times for the purchase and retirement of credits were identified by stakeholders as key hindrances to efficient trading. Stakeholders noted this led to greater uptake of the Biodiversity Conservation Fund and Supply Fund reverse auction options.
Transaction processes	<ul style="list-style-type: none"> Stakeholders highlighted the complexity of transaction and retirement paperwork, citing the need for legal advisors to complete documentation and inefficient administrative procedures (e.g. in filling out Microsoft Word forms).
Transaction costs	<ul style="list-style-type: none"> One stakeholder mentioned that high transfer and retirement fees are diverting market participants from making trades for small amounts of credits to paying into the Fund.

Market information

Theme	Summary of discussion
Accessibility and ease of accessing market information	<ul style="list-style-type: none"> Stakeholders reported that market information, credit registers and pricing data was fragmented, contained errors, and included transactions where price data might be misleading. We heard a suggestion that a simple fix for misleading transactions, such as related-entity transactions or bulk purchases across multiple credit types, was for the department to categorise different types of purchases. Participants said that they have found that a lack of transparency of pricing and entry costs have made it difficult for participants to estimate budgets and funding sources. Stakeholders noted difficulties in accessing contact details of market participants and original owners of credits to facilitate trades. Stakeholders argued that information deficiencies were severely impacting their confidence in the market, leading participants to defer their decision making or withdraw from the market altogether.

- Stakeholders expressed frustration that information issues have remained unaddressed and, in their belief, do not appear to be a priority for the department.

Strategic Offset Delivery Agreements (SODAs)

Theme	Summary of discussion
Impact on the Market	<ul style="list-style-type: none"> We heard concerns that SODAs, whether complete or in progress, are diverting a substantial share of credit demand away from the market. Stakeholders argued that a lack of information, transparency and pricing disclosure was creating uncertainty for other participants in the market and leading to participants delaying decisions. This includes proponents who have already entered contracts to purchase credits or suppliers looking to establish BSA sites. Stakeholders suggested that the government should provide clearer, earlier indications of its intention to enter SODAs with projects.
Market inequity	<ul style="list-style-type: none"> Stakeholders are concerned that the conservation actions defined through SODAs are not held to the same ancillary rules that currently exist biodiversity conservation actions through the Biodiversity Conservation Act. A stakeholder raised an issue with the conservation actions funded through SODAs on land not being traceable over time. This allows future landholders to potentially benefit again from the same conservation outcomes 10–15 years down the track, as there would be no way to verify that the actions had already been used as offsets.

Other issues

Theme	Summary of discussion
Capital Gains Tax (CGT)	<ul style="list-style-type: none"> Stakeholders reported that the unrealised CGT liabilities associated with initial BSA establishment are a highly risky, significant up-front cost for landholders and potential barrier to entry. We heard a suggestion that if the regulation allowed landholders to place 100% of the proceeds of their credit sales into the Total Fund Deposit, landholders could reduce their upfront tax burden and instead pay tax on the annual Total Fund Deposit income stream, thereby incentivising supply. Stakeholders questioned the incentive of Biodiversity Stewardship when alternative income streams for land, such as agricultural production, provide direct tax advantages.
Legacy BSA ownership	<ul style="list-style-type: none"> We heard that for some development proponents (in particular, mining/resources development proponents), legacy ownership of their BSA sites was a consideration in their choice of offset acquittal pathway. We heard that commitment to in-perpetuity land management was not feasible for some development proponents – e.g. mining/resources companies with 20–30 year operational periods, who had some concerns about transferring ownership of their BSA sites to other parties in the future.
Ecological integrity	<ul style="list-style-type: none"> Stakeholders queried whether the market was achieving its intended ecological outcomes and were unclear if outcomes were being tracked effectively. Stakeholders claimed that the opacity of different offsetting methods and the risk and uncertainty of the scheme's ecological integrity is a major hindrance for participation and investment.