

Improving credit market information

13 December 2023

Welcome to a **special credit market information edition** of the Biodiversity Offsets Scheme Update.

In this edition

This special edition newsletter aims to communicate to stakeholders some of the initiatives the NSW Government is taking to improve credit market information, particularly about credit demand, supply and pricing, to enable participants of the scheme to make more informed decisions about generating, selling and buying biodiversity credits. These initiatives will also help improve transparency and visibility of the biodiversity credits market in New South Wales. Below is a list of the credit market information products covered in this newsletter that have recently been published or are under development.

- Summary tables of biodiversity credit market information
- Biodiversity Credits Demand and Supply Dashboard
- Future demand estimate reports for ecosystem credits
- Framework for reviewing the Total Fund Deposit discount rate
- Guidance for professional advisors about biodiversity stewardship agreements
- ATO class ruling to clarify Capital Gains Tax requirements for scheme participation

Summary tables of biodiversity credit market information

On 24 November 2023, the department published consolidated tables of the various sources of market information relating to credit supply, demand and pricing. The summary tables allow stakeholders to discover what market information tools are available to help them make informed decisions when participating in the Biodiversity Offsets Scheme.

For each information product, the summary tables include a brief overview, the source of the product's underlying data, key data considerations, the frequency of updates and a hyperlink that takes users directly to the product.

The department will regularly maintain the summary tables, as more credit market information products become available and/or are updated.

To view the credit market information summary tables, visit our [summary tables of biodiversity credit market information webpage](#).

Biodiversity Credits Demand and Supply Dashboard

The Biodiversity Credits Demand and Supply Dashboard brings together publicly available information on biodiversity credit obligations from approved major projects, and supply from approved biodiversity stewardship agreements into one location. The dashboard is a detailed report that lists the number and type of biodiversity credits that may be in demand based on legal credit obligations and presents this information in Offsets Trading Groups for major projects after credit retirements have been removed. The dashboard improves market and scheme transparency. The dashboard allows users to search for ecosystem and species credit demand and supply information and make comparisons. The dashboard currently excludes credits assessed under the previous Biodiversity Banking Assessment Method.

Biodiversity Credits Demand and Supply Dashboard

NSW GOVERNMENT

Welcome!

The Biodiversity Credits Demand and Supply Dashboard compares Biodiversity Assessment Method (BAM) credit demand from approved major projects to BAM credit supply (adjusted for credits retired).

Consider the offset rules before comparing demand and supply
The dashboard cannot take into account the full range of market options available under the [offset rules](#). Knowledge of the offset rules is essential to interpret the information.

Some demand and supply may be privately committed
The dashboard cannot conclusively indicate availability of demand and supply as private negotiations and commitments may occur at the discretion of market participants.

Supply and demand is for BAM credits only
The dashboard excludes BBAM credit obligations, BBAM credit supply and BBAM credit retirements. Additional demand or supply may exist as [BBAM credits](#).

Demand data is not updated in real time
Demand information is sourced from planning approval documents published on the [major projects website](#). Credit retirements are removed. Supply information is updated daily.

- Credit information may be subject to transcription error.
- The dashboard does not identify hollow-bearing tree credits, see the [supply register](#) to find hollow bearing tree credits.
- Demand information not included if approval conditions are unclear or credit obligations change outside of approval conditions.
- Demand information may be inflated where BBAM credits have been retired for a BAM credit obligation.
- TEC names are current as at the time of credit generation (demand or supply) and are not updated to reflect any listing changes.

Disclaimer: Information may be subject to errors or omissions and the publisher and contributors accept no responsibility for any injury, loss or damage arising from its use. Always seek independent advice about participating in the Biodiversity Offsets Scheme and use caution in interpreting the data and its application.

Last updated ⓘ

The dashboard can help landholders who are interested in information about existing levels of supply and demand for biodiversity credits. Developers may use the dashboard to understand existing credit demand and supply early in the development process to help support a more efficient process for meeting credit obligations later on.

To access the dashboard or for more information, visit our [Biodiversity Credits Demand and Supply Dashboard webpage](#).

Future demand estimate reports for ecosystem credits

The department commissioned the development of 2 methods to help forecast future demand for biodiversity credits. The methods are based on predicted offset obligations of major projects at different stages of the planning approval process, prior to project approval – before and after a biodiversity development assessment report (BDAR) has been prepared.

Each method has generated an estimate report – a longer-term (pre-BDAR preparation) and a nearer-term (post-BDAR preparation and pre-determination) demand estimate for ecosystem credits.

The estimate reports, in combination with other information and expert advice, can support:

- landholders considering setting up a biodiversity stewardship site by helping understand the potential future demand for ecosystem credits
- biodiversity credits holders and credit brokers by allowing them to better understand the potential future demand for their or their client's credits.

For a copy of the reports and more information, visit our [Indicative future demand for ecosystem credits webpage](#). Landholders seeking to establish a biodiversity stewardship agreement to generate biodiversity credits should contact the [Biodiversity Credits Supply Taskforce](#).

Framework for reviewing the Total Fund Deposit discount rate

The department has published a framework that provides guidance about when it will review and consider changing the Total Fund Deposit (TFD) discount rate. For more information, visit our [framework for reviewing the TFD discount rate webpage](#).

A summary of the framework was provided in our [BOS Update No. 22 on 22 November 2023 newsletter](#).

Guidance for professional advisers about biodiversity stewardship agreements

The department is developing a ready reference resource for professional advisers whom landholders commonly consult when weighing the costs and benefits of pursuing a biodiversity stewardship agreement.

Landholders and developers considering establishing a biodiversity stewardship agreement or buying or selling biodiversity credits are encouraged to seek professional advice. However, many professional advisers – including financial, taxation, legal and other professional advisers, or third parties, such as banks – may be unfamiliar with the Biodiversity Offsets Scheme.

The guide will support landholders and their advisers in considering issues related to establishing a biodiversity stewardship agreement, but will not be tailored financial, taxation, legal or ecological advice.

The guide is expected to be published in early 2024 and will sit alongside the Biodiversity Credit Pricing Guide published by the department in 2022.

ATO class ruling to clarify Capital Gains Tax requirements for scheme participation

Stakeholders have consistently identified Capital Gains Tax as a barrier to establishing biodiversity stewardship agreements and increasing the supply of biodiversity credits.

The department is applying to the Commissioner of Taxation for a class ruling to clarify how the Capital Gains Tax regime in the *Income Tax Assessment Act 1997* (Cth) applies to landowners who enter biodiversity stewardship agreements.

A new class ruling, expected to be published in early 2024, will provide clarity to landowners and tax advisers on how Commonwealth tax laws apply to biodiversity stewardship agreements, biodiversity credits and other ongoing considerations. This will reduce the time and cost of obtaining guidance or the need to seek individual rulings.

While binding on the Commissioner of Taxation, taxpayers may choose not to rely on or follow a class ruling, meaning it will not create additional obligations on biodiversity stewardship agreement holders.

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