



HENRIBARK
PTY LTD

Portfolio Committee 7

Friday, September 20, 2024

Response to transcript – Question on Notice

Question:

The Hon. STEPHEN LAWRENCE: I have one more, but I think we're probably at time, are we?

The CHAIR: We are at time. Is it something we can put on notice?

The Hon. STEPHEN LAWRENCE: Yes. I was just curious what you think should happen with the Biodiversity Conservation Fund. You can take that on notice, if you wish?

GREG STEENBEEKE: I would like to see the resolution of the fund through the expenditure of the obligations that it's obtained, whether that means that the Government has to provide more funds to get those obligations through. But, by all means, as I said in my opening, if there is a credit in the market or in generation—and the department knows which credits are in generation because they've got access to the biodiversity assessment scheme method tool to see "Are these credits being generated?" They'll know that these credits are there. Therefore, they can say, "If the credits are here or already in production, then they shouldn't be able to be traded through the BCF." The BCF should be retained entirely for those credits that don't exist.

The above is as replied in the hearing.

I do not feel that there is much more to add to my response. The Biodiversity Conservation Fund serves a purpose – to allow for the resolution of demands for credits that are not in the market either through credits that are available or which are in production on sites under assessment. The BCT (coordinating the BCF) and the department would be able to identify the credits being created on sites that are in assessment through the BOS process via the online tool assessors have to use. There would be incentive for the listing of potential credits on the registers, allowing developers to identify – and commence discussions with – providers to get the credits they need.

The Fund has become a way for developers to not forward plan their development – seeking to resolve credit obligations once their development is approved and they can commence construction quickly. It is also a way that they can get a price for their obligations that is readily able to be defined. It doesn't have to have the credits available, and in the amended legislation will have three years to find and secure the offsets to these obligations.

What I think should happen with the Fund is that it should be disallowed to acquire an obligation where a credit exists in the market available for trade. That will require the department being more informative in their registers – identifying when a credit is in production, or exists, or becomes obligated. I requires the BCF having the capacity to contact providers of the matching credits prior to

responding to the enquirer, and not providing a price for the credit types that are either available or will be available, and informing the developer to negotiate for those credits. While a credit cannot be mortgaged, it can be put into a forward purchase contract and therefore allow the developer to acquire that credit when it is created. It will also allow the developer to have contact with the providers in the market and therefore wear some of the costs of their business, rather than socializing those costs to assist their profitability.

The BCF should be retained for the credits that are not or will not be available in the market within the next 12 months. For all other credit types, the market should be the point of contact, and the BCF identify the prices of obligations more closely to how the market is behaving. At present, the 6 month delay in informing the market is not realistic. You don't go grocery shopping, then pay for it a very long time after you leave – and get the opportunity to tell the grocer what you will be paying for what you are taking. That is an analogy to how the system currently operates.

Yours sincerely

Henribark Pty Ltd

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