



Biodiversity credit pricing guide

Guidance for pricing biodiversity credits under the Biodiversity Offsets Scheme – 2024

Department of Climate Change,
Energy, the Environment and Water



Acknowledgement of Country

Department of Climate Change, Energy, the Environment and Water acknowledges the Traditional Custodians of the lands where we work and live.

We pay our respects to Elders past, present and emerging.

This resource may contain images or names of deceased persons in photographs or historical content.

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1. Introduction to this guide

This document provides guidance for pricing biodiversity credits created under the NSW Biodiversity Offsets Scheme, including ecosystem credits and species credits.¹ It can be used by developers seeking to estimate the likely cost of biodiversity credits, or landholders seeking to price credits on their land. The methods covered in this guide include typical inputs into credit pricing that all stakeholders can consider. The guide has been developed in response to stakeholder feedback that guidance on pricing of biodiversity credits would be useful.

The guide covers:

- intended uses and limitations
- typical inputs contributing to the price of biodiversity credits, and considerations for pricing input components
- credit pricing in direct negotiations with developers and for reverse auctions or expressions of interest.

1.1 Disclaimer

The department has compiled this information in good faith, exercising all due care and attention. The information is provided for general information only. No representation is made about the accuracy, completeness or suitability of the information in this publication for any particular purpose. The department shall not be liable for any damage which may occur to any person or organisation taking action (or not) on the basis of this publication. Readers should seek appropriate advice when applying the information to their specific needs.

By accessing and using this information, the reader acknowledges and agrees:

1. that the department does not have any legal liability in relation to decisions made with respect to the sale and purchase of biodiversity credits
2. to discharge the department from all actions, proceedings, claims, demands, costs, losses, damages, and expenses the reader may incur from using the information in the publication.

2. Uses and limitations of this guide

This guide includes resources that can be used to identify reasonable prices for credits. It does not guarantee future prices, and it is not financial advice.

The Biodiversity Offsets Scheme is market-based, and as with any market (including more developed markets such as housing or share markets), future prices are not

¹ For more information see the [‘Biodiversity credits’](#) webpage.

guaranteed. This guide identifies issues for consideration and supports decisions about pricing, but it is not financial advice. All market participants should obtain their own expert advice, including legal and financial advice, carefully assess risks relevant to their situation and make independent investment decisions accordingly, as they would when making any significant financial decision².

There are 2 main methods used to support credit pricing:

1. using market information to identify similar credit sales, for example from public registers and sales dashboards
2. using a costing method that prices the cost of supplying credits, including the costs associated with the establishment of a biodiversity stewardship agreement (BSA) (for example, legal, business planning, biodiversity assessment costs), Total Fund Deposit (TFD), administrative fees, holding and transaction costs, and expectations of profit.

Government agencies provide resources and services to support pricing considerations, including the Biodiversity Conservation Trust's (BCT) biodiversity credits price estimation service, and advice from the Biodiversity Credits Supply Fund and Taskforce.

This guide is intended to support market participants in thinking about pricing of biodiversity credits. However, prices for credits in the open market depend on how much credit buyers and sellers are willing to pay or accept for them. The market price may be different from the cost of supplying credits in many situations. Prices for credits being bought or sold in the open market are the responsibility of the buyer and seller.

3. Using market information to identify credit sales

Market information can be used to inform credit pricing.

You can search the Biodiversity Credits Market Sales Dashboard for historical trades by credit type, or search for transactions by region, to understand the price that similar credits have traded at. You can also search the BioBanking Credits Sales Dashboard.

Market sales information may sometimes reflect other factors, and these should be considered when deciding how relevant market sales information is to the credits being priced. For example:

- some credit sales are between related parties (for example, where the seller is a company owned by the buyer) and the price may be nominal or may reflect private negotiations

² Resources include the Australian Securities & Investments Commission's (ASIC) Financial Advisers Register, and the Legal Services Council's Australian Legal Profession Register.

- some credit prices are based on an average price per unit where the seller has sold credits in bulk, rather than pricing each credit individually
- the price of the Total Fund Deposit for the site (relevant proportion – see Box 1) from which the credit was generated may be different, or, having met the Total Fund Deposit, a landholder may sell remaining credits cheaply
- the price will vary according to the demand at the time of sale relative to the supply of those types of credits.

Supply and demand for credits is also important to consider as part of credit pricing. The Department of Climate Change, Energy, the Environment and Water (the department) has a credit demand register and the Biodiversity Conservation Trust has a ‘credits wanted’ register, and other market supply and demand support products, including an indicative demand analysis, which may assist you to better understand supply and demand trends.

Accredited assessors may be able to assist in interpreting data sources or guiding consideration of credit pricing; however, accredited assessors (or other independent valuers) are likely not financial advisers, and specific financial or other professional advice may be needed. Market participants should obtain advice from sources with appropriate qualifications and experience.

4. Using a costing method to price credits

When pricing ecosystem credits, inputs typically considered include:

- establishment costs to set up a biodiversity stewardship agreement
- management costs at the stewardship site (the Total Fund Deposit) required to improve biodiversity and generate credits³
- opportunity or land costs
- profit and risk calculations.

Each of these components is covered in more detail below, with information to help price each one, and resources for obtaining more information. All resources referred to in this guide are provided as weblinks in section 8.

4.1 Establishment costs

Establishing a stewardship agreement involves a range of costs and fees that are often factored into the price of credits. Typical inputs are set out in Table 1, together with reference materials to help consider costs. You can use Table 4 of this guide to enter costs identified against these components.

³ The cost of all management actions at the stewardship site is the minimum that credit prices should cover, because this amount needs to be transferred to the Biodiversity Stewardship Payment Fund when the credits are sold, to cover annual management payments.

Table 1 Typical establishment costs considered in pricing ecosystem credits

No.	Component	Information and how to estimate price	Resources
1	Preliminary advice	<p>A landholder may wish to obtain preliminary advice, as part of the process of establishing a biodiversity stewardship agreement and generating credits.</p> <p>This can include undertaking a feasibility assessment or business case, which can provide indicative costs, credit potential and supply and demand information.</p> <p>These are optional steps but should contribute to and reduce the cost of a full assessment. An accredited assessor can advise about options.</p>	<p>Department's biodiversity stewardship agreement application guide</p> <p>Accredited Assessor Public Register</p> <p>Australian Securities & Investments Commission (ASIC) Financial Advisers Register</p> <p>Legal Services Council Australian Legal Profession Register</p>
2	Site assessment	<p>A key establishment cost component is the biodiversity assessment of the proposed site. This includes engaging an accredited assessor to apply the Biodiversity Assessment Method and prepare a Biodiversity Stewardship Site Assessment Report.</p> <p>This cost will vary depending on the size of the site, its biodiversity and survey requirements.</p> <p>The cost of biodiversity assessments is set by providers in the market. Landholders may wish to seek a quote/pricing advice from several accredited assessors.</p> <p>Landholders eligible for the Stewardship Support Program may receive biodiversity assessments and other support at no cost.</p>	<p>Accredited Assessor Public Register</p> <p>Department's 'Stewardship Support Program' webpage</p>
3	Professional advice	<p>The third component typically contributing to the cost of generating credits is any professional advice a landholder may require when considering or establishing a biodiversity stewardship agreement. This could include financial, legal, tax or other professional advice.</p> <p>The cost of professional advice will vary based on individual circumstances and requirements. The Biodiversity Conservation Trust's</p>	<p>Department's biodiversity stewardship agreement application guide</p> <p>Biodiversity Conservation Trust's landholder guide on taxation issues</p> <p>ASIC Financial Advisers Register</p>

No.	Component	Information and how to estimate price	Resources
		landholder and tax guides may assist when considering these issues.	Legal Services Council Australian Legal Profession Register
4	Any administrative fees	For example, biodiversity stewardship agreement application fees. Further information on fees is available on the department's website.	Department's 'Scheme fees' webpage Department's 'Stewardship Support Program' webpage

4.2 Management costs

Site management costs or management action costs are a central component of credit prices. Management costs vary based on the size, location, vegetation type, cover and condition topography, fencing requirements and boundary management issues specific to each site.

The present values of all management action costs for a stewardship site make up the Total Fund Deposit that must be paid into the Biodiversity Stewardship Payment Fund for ongoing management. The Total Fund Deposit is then used to make annual management payments to the landholder or land manager.

Information and links to estimate the pricing of site management are set out in Table 2. You can use Table 4 of this guide to enter the costs you identify.

Table 2 Management cost component of ecosystem credit prices

No.	Component	Information and how to estimate price	Resources
5	Ongoing site management costs	Costing of management actions should be based on contractor or specialist rates. Each management action, as well as the timing and cost of implementation must be outlined within the department's Total Fund Deposit calculator. See the 'Quick guide' tab of the calculator to enter costings. Landholders typically engage a specialist practitioner to undertake development of these costings.	Department's biodiversity stewardship agreement application guide Department's 'Total Fund Deposit and discount rate' webpage Department's Total Fund Deposit Calculator

4.3 Establishing a biodiversity stewardship agreement limits the ways in which land can be used in future

Depending on zoning and a range of other regulatory requirements, as well as the biodiversity stewardship agreement itself, establishing a biodiversity stewardship agreement will change how this land can be used. Some credit sellers may factor this into their pricing of credits. In Table 4 of this guide you can factor this into the credit price as an ‘opportunity cost’.

4.4 Factoring in profit

In pricing credits, sellers will want to include an amount as a profit from the investment and business activity. In line with expectations from other business and investment decisions, this could range from 5–25% depending on the difficulty and risk that has been involved. In addition, where there is limited supply and strong demand, it is expected that profits may be higher, or where there is good supply and less demand, profits would be lower.

Factoring in profit can be informed by:

- the level of supply and demand in the market
- comparisons with expected profits from other investments
- other individual preferences, such as how long a seller is willing to wait to find a buyer for their credits or to factor in risks.

Table 3 suggests resources to help price profit and risk including public registers and professional advice, for example, from financial advisers. You can use Table 4 of this guide to enter the costs you identify.

Table 3 Profit and risk considerations in biodiversity credit prices

No.	Component	Information and how to estimate price	Resources
6	Profit and risk	Relevant considerations around profit and risk are best discussed with professional advisers, and with a view to the public registers that provide information about the demand for and supply of particular credits (noting section 3 of this guide discusses interpreting market information).	Department’s ‘Summary tables of biodiversity credit market information’ webpage Biodiversity Conservation Trust’s biodiversity credits price estimation service

5. Working sheet for credit pricing

Table 4 is a simple worksheet using the inputs set out in this guide to help estimate an average price for biodiversity credits.

Table 4 Estimating the average cost per credit

No.	Item	Cost
1	Preliminary advice	
2	Site assessment	
3	Professional advice	
4	Biodiversity stewardship agreement application fee	
5	Ongoing management costs including the Total Fund Deposit (see calculator below)	
6	Opportunity cost	
7	Profit	
Estimated total costs		
Estimated number of credits generated		
Estimated average cost per credit		

The Total Fund Deposit Calculator may also be of assistance for considering costs and estimating prices. Use of the Total Fund Deposit Calculator should be discussed with an accredited assessor and/or financial adviser.

Box 1: How do Total Fund Deposits affect credit prices?

The Total Fund Deposit is the amount of money set out to cover the costs of future land management activities required under the biodiversity stewardship agreement for that site. The Total Fund Deposit is set as part of establishing the biodiversity stewardship agreement and can be an important consideration in the pricing of credits.

The Total Fund Deposit will usually be only a portion of the total credit price. The total price may be made up of the Total Fund Deposit plus the seller's set up costs, land value and expectations of profit. The proportion of the credit price made up by the Total Fund Deposit will vary depending on market conditions and the preferences of buyers and sellers.

If a sale is for all credits created by the biodiversity stewardship agreement, the full Total Fund Deposit must be paid. If the sale is for a portion of the credits created by the biodiversity stewardship agreement, the amount payable towards the Total Fund Deposit is based on the proportion of credits sold. The sale price of credits needs to match or exceed the amount required to be paid towards the Total Fund Deposit. The *Biodiversity stewardship agreement application guide* (section 5.4.4) describes how to calculate the Total Fund Deposit requirement and provides a general example.

6. Developer-initiated agreements

Landholders may establish a biodiversity stewardship agreement over their land after an approach from a developer seeking a site to meet their offset requirements. This includes mining companies or government infrastructure agencies. These developer-initiated agreements can provide more certainty for landholders (by having a known buyer), and the developer may pay for the upfront costs in establishing the biodiversity stewardship agreement. For example, the developer could engage an accredited assessor to undertake site assessment and agree to purchase all or many of the credits at the site.

Under this type of arrangement, when undertaking the upfront negotiations, landholders should consider similar factors to pricing credits as set out in this guide and adjust to take into account the specific details of the offer being provided by the developer. The landholder should consider closely the long-term management requirements of the site and ensure long-term commitments under a proposed BSA are appropriate for them. This guide may assist landholders in thinking through this proposition. Landholders should seek independent advice before proceeding.

7. Pricing for expressions of interest or reverse auctions

Proponents of major projects (private or government) may use mechanisms such as reverse auctions or competitive tenders to facilitate purchasing large numbers of credits from multiple sellers. These processes can also be referred to as an expression of interest. Proponents may be seeking to buy established credits or may also seek expressions of interest for setting up new stewardship sites on land owned by others.

Generally, buyers who are using these mechanisms will rank competing bids according to factors such as price, readiness to sell, and take into account the specific needs of the project, before selecting the most suitable bids according to defined criteria.

Proponents can seek further information and guidance from the department if interested in exploring purchasing credits using reverse auctions or competitive tenders.

Landholders who are entering into these processes should consider how they would like to price their credits and may find this guide useful in deciding how to quantify this amount either for established credits or to establish a new biodiversity stewardship agreement. Buyers will often require specific conditions to be met and potential sellers should carefully review these to ensure the credits or site are eligible.

8. Resources

The resources below include publications to assist with pricing, information about aspects of the Biodiversity Offsets Scheme and biodiversity credits, public registers, and general financial and professional services and registers that may be of use to scheme market participants.

- [Accredited Assessor Public Register](#)
- [Australian Securities & Investments Commission \(ASIC\) Financial Advisers Register](#)
- [BioBanking Credits Sales Dashboard](#)
- [Biodiversity Conservation Trust biodiversity credits price estimation service](#)
- [Biodiversity Conservation Trust landholder guide on taxation issues \(PDF 709KB\)](#)
- [Biodiversity Assessment Method \(PDF 1.8MB\)](#)
- [Biodiversity Conservation Fund Charge System](#)
- [Biodiversity Credits Market Sales Dashboard](#)
- [Biodiversity Credits Supply Fund and Taskforce.](#)
- [Biodiversity stewardship agreement application guide](#)

- [Biodiversity stewardship agreements](#)
- [Biodiversity Offsets Scheme fees](#)
- [Summary tables of biodiversity credit market information](#)
- [Total Fund Deposit and discount rate](#)
- [Total Fund Deposit Calculator](#)
- [Legal Services Council Australian Legal Profession Register](#)
- [Biodiversity credits information](#)