

# Australia's Advancements in Nature Markets and Biodiversity Credit Schemes

## I. Introduction

Australia has been a pioneer in developing nature markets and biodiversity credit schemes, aiming to balance economic development with environmental conservation. Biodiversity credits are a key component of these nature markets, offering financial incentives for activities that preserve or enhance ecological systems. These initiatives incentivize landholders and businesses to engage in activities that protect and restore biodiversity, often through market-based mechanisms.

**Biodiversity Credit Alliance (BCA)** defines biodiversity credits as follows:

**A biodiversity credit is a certificate that represents a measured and evidence-based unit of positive biodiversity outcome that is durable and additional to what would have otherwise occurred.<sup>1</sup>**

Projects generating biodiversity credits must be grounded in rigorous methodologies that ensure additionality, durability, and verified ecological benefits, as outlined in the High-Level Principles (HLPs) developed by BCA in partnership with several organizations, including International Advisory Panel on Biodiversity Credits (IAPB) and the World Economic Forum (WEF).

## II. Australia's Nature Protection Policy and Legislative Framework

Australia is currently undergoing significant reforms to its environmental legislation to better protect biodiversity. **The Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act)** is the central piece of federal environmental legislation. Recognizing the need for modernization, the Australian Government has announced plans to progress stage two of its Nature Positive law reforms. These include establishing an **Environment Protection Australia (EPA)** and the Head of the new **Environment Information Australia (EIA)**, strengthening compliance and enforcement powers, and investing nearly \$100 million towards faster environmental approvals.

The term "nature positive" has been defined in proposed legislation as "an improvement in the diversity, abundance, resilience and integrity of ecosystems from a baseline." However, this definition has faced criticism for lacking specificity regarding the baseline year, leading to concerns about its effectiveness in halting biodiversity decline. Ongoing legislative reforms aim to strengthen the nation's commitment to the protection and restoration of nature, though careful attention to policy details will be crucial to ensure these initiatives achieve their intended outcomes.

<sup>1</sup> Biodiversity Credit Alliance (2024). Definition of a Biodiversity Credit. Issue Paper.



### III. Government-Led Initiatives and the Nature Repair Market

The **Australian Federal Government** plays a crucial role in facilitating and regulating nature markets. One significant initiative is the proposed **Nature Repair Market**, a voluntary national market designed to encourage investment in projects that restore and protect the natural environment. The scheme aims to provide a framework for businesses, organizations, and individuals to fund environmental restoration projects, thereby generating biodiversity certificates that can be traded within the market. Projects can also be designed such that they produce both biodiversity certificates and carbon credits from the **Australian Carbon Credits Unit (ACCU) Scheme**.

This market-based approach aligns with the government's broader environmental objectives, including commitments to protect 30% of the country's land and seas by 2030. By establishing a structured market for biodiversity credits, the government seeks to unlock private sector investment in conservation efforts, complementing public funding and regulatory measures.

### IV. Key Biodiversity Credit Market Initiatives

- **Biodiversity Credit Exchange in South Australia:** The Biodiversity Credit Exchange, administered by the South Australian Government, provides eligible landholders with funding to protect, manage, and restore areas of native vegetation on their land. These actions generate biodiversity credits, which can be sold to buyers required to offset vegetation clearances in the same region.
- **Cassowary Credit Scheme:** Developed by Terrain NRM (Natural Resource Management) in the Wet Tropics region of Far North Queensland, the Cassowary Credit Scheme is designed to increase investment in rainforest habitat restoration. It enables investors, such as governments, philanthropists, or corporations, to pay landholders and land managers to undertake habitat restoration activities, thereby generating credits that represent measurable improvements in rainforest condition. The Standard and Methodology is currently under assessment by Eco-Markets Australia for administration.
- **NaturePlus®:** NaturePlus is a voluntary biodiversity credit scheme designed to incentivize and reward continual improvement in environmental condition, as measured through a defined environmental asset (such as ecosystems, fauna, waterways, etc.). Credits are based on real demonstrated outcomes as evidenced through measurement of environmental condition using Accounting for Nature® Certified Environmental Accounts. A unique feature of the NaturePlus® Scheme is conservation credits, which can be issued when the environmental condition has improved beyond a defined conservation threshold. Each unit represents one hectare of demonstrated environmental improvement or conservation and cannot be used as offsets. Buyers of these credits include any entity seeking to invest in the improvement of nature. To safeguard independence, GreenCollar—the creators of the scheme—committed to transferring the administration and governance of the NaturePlus® Standard to Accounting for Nature Ltd in early 2025, following the pilot phase. As Accounting for Nature evolves its role as custodian of the NaturePlus® Standard, it will seek to appoint a third party to manage and track credit issuance.
- **New South Wales Biodiversity Offsets Scheme:** The Biodiversity Offsets Scheme, administered by the New South Wales Government, allows landholders to generate biodiversity credits by entering into Biodiversity Stewardship Agreements. These credits can then be sold to developers needing to offset the environmental impacts of their projects. The scheme provides a financial incentive for landholders to manage and enhance biodiversity on their properties.
- **Reef Credit Scheme:** The Reef Credit Scheme (more accurately a "nature" credit for water quality than a biodiversity credit), administered by Eco-Markets Australia, is an innovative, market-based approach designed to improve water quality entering the Great Barrier Reef. Established as a voluntary environmental market, it allows farmers and landholders in reef catchment areas to generate and sell Reef Credits by implementing land management practices that reduce nutrient and sediment runoff. Each Reef Credit represents a quantifiable amount of pollutant prevented from entering the reef ecosystem. Buyers of these credits include government entities, private corporations, and philanthropic organizations seeking to invest in reef conservation. For instance, global bank HSBC has purchased Reef Credits, demonstrating corporate investment in environmental stewardship.



## V. Voluntary vs. Compliance Markets in Australia

A crucial distinction in the biodiversity credit landscape lies between compliance, such as under the New South Wales (NSW) Biodiversity Offsets Scheme, and voluntary credits, like NaturePlus®. Compliance credits are typically tied to regulatory requirements, including approval conditions under the Commonwealth Environment Protection and Biodiversity Conservation Act 1999, and depending on the project location, state / territory-specific schemes that set the applicable assessment methods and credit rules. In contrast, voluntary credits are market-driven and provide financial incentives—for natural asset stewards to implement conservation practices and for nature dependent businesses to support these practices—without a regulatory mandate.

This distinction is significant because biodiversity protection and restoration exist on a continuum of cost, commitment, and benefit. Lower-cost mechanisms can serve as catalysts for natural asset stewards to adopt biodiversity-friendly practices, creating steppingstones toward higher-commitment activities that generate biodiversity credits or eventually meet compliance standards. Organizations like [Regen Farmers Mutual](#) are collaborating with government and corporate stakeholders to design these entry-point mechanisms, ensuring they align with commodity buyers' sustainability goals and facilitate broader market engagement. Providing a structured pathway enables farmers to progressively increase their conservation efforts, benefiting both biodiversity and the agricultural economy.

## VI. Insights for Other Governments

- **Nature markets work best when designed as complements to regulation:** Australia's experience shows that biodiversity credit schemes are most effective when grounded in strong environmental law, both national and jurisdiction-specific, and supported by sustained public investment, rather than being used to replace regulatory protections.
- **Clarity in definitions and baselines underpins credibility:** Debate around the meaning of "nature positive" illustrates how unclear baselines and metrics can undermine confidence in both policy reform and market-based mechanisms.

- **Measurement and verification are key:** Australia's use of independent, science-based measurement frameworks highlights that credible biodiversity markets depend on transparent, standardized, verifiable evidence of ecological outcomes.
- **Voluntary markets provide a testing ground:** Australia's voluntary biodiversity credit schemes show how early-stage markets can trial methodologies, build participation, and inform the development of future compliance mechanisms.

## VII. Challenges and Considerations

- **Unintended consequences and market design risks:** Biodiversity credit schemes can create perverse incentives, including leakage. Debate around forest carbon credits in NSW highlights the importance of anticipating economic and environmental displacement effects.
- **Accurate measurement and long-term ecological benefit:** The credibility of biodiversity credits depends on robust measurement of genuine ecological outcomes, including additionality and durability, to ensure outcomes provide long-term benefits. This credibility is increasingly being anchored in Australia's regulated integrity settings, such as in the Nature Repair Market supported by the Biodiversity Assessment Instrument (BAI) to standardize how projects describe biodiversity and improvements.
- **Market integrity, monitoring and oversight:** High-integrity biodiversity credit markets require transparent monitoring and reporting to prevent greenwashing and build trust. Australia's public Biodiversity Market Register publishes registered projects and issued certificates, and certificate issuance tied to verified biodiversity outcomes under an approved method.
- **Role of third-party measurement frameworks:** Third-party frameworks such as **Accounting for Nature** are increasingly used to provide scientifically robust, verified evidence of nature outcomes, supporting credible credit issuance in schemes such as **NaturePlus®**.

## VIII. Conclusion

Australia's experience with nature markets and biodiversity credit schemes reflects a proactive approach to the integration of economic and environmental objectives, and highlights the potential of market-based approaches to biodiversity conservation. This emerging model reflects a growing mix of compliance and voluntary schemes, generating valuable lessons in market design, governance, and measurement. Legislative reform and the proposed Nature Repair Market offer opportunities to better align private investment with nature-positive objectives, including through the embedding of the HLPs into practical market architecture.

As other developed countries consider how to structure biodiversity crediting, Australia's experiences offer a workable template for building trust, limiting perverse incentives and scaling high-integrity participation. Careful design, implementation, and oversight are essential to ensure biodiversity credit schemes deliver genuine ecological benefits and align with broader environmental goals. When designed and applied with integrity, biodiversity credits can complement regulation and public funding to advance national conservation goals.



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## Appendix: Key Market Participants

Due to the number of active market participants in Australia, a detailed list of key initiatives is provided in this Appendix. These organizations represent diverse approaches within Australia's nature markets, integrating carbon offsetting with biodiversity conservation and cultural practices to achieve environmental and social benefits.

### Aboriginal Carbon Foundation's Cultural Fire Credit

- **Indigenous-Led Fire Management Credits:** The Aboriginal Carbon Foundation (AbCF), in collaboration with Firesticks Alliance, has developed the Cultural Fire Credit. This initiative supports Indigenous-led cultural fire programs that apply traditional burning practices to manage land sustainably. The credits generated fund the mentoring of new Cultural Fire Practitioners and promote the revitalization of cultural knowledge. Investors in Cultural Fire Credits contribute to environmental stewardship, cultural preservation, and the empowerment of Indigenous communities.

### Accounting for Nature (AfN)

- **AfN and the Econd®:** AfN is an Australian organization that has developed a globally applicable standardized environmental accounting framework to measure and report on the condition of environmental assets. AfN may play an important role in the development and credibility of biodiversity credit markets by providing a scientifically rigorous standard for measuring and verifying environmental condition improvements that third party credit schemes can use, in consultation with AfN, to underpin credit issuance. Its **Environmental Condition Index (Econd®)** metric condenses complex scientific data into a single, easy-to-understand score ranging from 0 to 100. A score of 100 represents an environmental asset in its optimal, undegraded state, while a score of 0 indicates complete degradation. This standardized approach allows for consistent assessment and comparison of various environmental assets over time. **The Econd®** is particularly relevant to biodiversity credits in several key ways:
  - **Establishing a Baseline for Biodiversity Condition:** Biodiversity credit schemes often require quantifiable and verifiable improvements in ecosystem health compared to a defined baseline to issue credits.
  - **Measuring and Verifying Biodiversity Gains:** AfN's Econd® provides a standardized way to track and audit ecological improvements over time, ensuring biodiversity credit claims are underpinned by robust and third-party audited environmental data. This is essential for investor confidence, as buyers of biodiversity credits need transparent and consistent reporting on conservation outcomes.
  - **Avoiding Greenwashing and Ensuring Market Integrity:** A key challenge in biodiversity credit markets is ensuring that credits reflect genuine, additional conservation benefits rather than business-as-usual activities. AfN's scientifically accredited framework can be used to ensure that biodiversity credits are issued only for verifiable, meaningful ecological improvements rather than subjective claims.
  - **Facilitating Regulatory and Market Acceptance:** Governments and environmental markets require credible, science-based methodologies for biodiversity accounting. AfN's Econd® metric aligns with global best practices for natural capital accounting, making it easier for biodiversity credits that are based on the Econd® to be integrated into policy frameworks, corporate ESG strategies, and voluntary biodiversity markets.
  - **Supporting Landholders and Conservation Projects:** Farmers, Indigenous land managers, and conservation groups using biodiversity credits need a way to quantify their environmental stewardship in a way that is recognized and rewarded. By adopting AfN's standardized assessments, they can provide credible evidence of biodiversity gains, strengthening the marketability and value of their biodiversity credits.



## Eco-Markets Australia

- **Administration of the Reef Credit Scheme:** As Australia's first independent environmental markets administrator, Eco-Markets Australia manages the Reef Credit Scheme, which focuses on improving water quality in the Great Barrier Reef catchment. The organization has successfully issued over 60,000 credits through this program.
- **Development of Methodologies:** Eco-Markets Australia has developed and approved several methodologies to quantify pollutant reductions, including:
  - **Grazing Land Management Method:** This approach focuses on reducing sediment runoff through improved grazing practices.
  - **Wastewater Method:** A methodology aimed at reducing dissolved inorganic nitrogen (DIN) in wastewater discharged from municipal treatment plants through managed algal bioremediation solutions.
  - **Gully Method:** This method addresses reductions in fine sediment runoff through gully rehabilitation techniques.
  - **DIN Method:** A methodology for accounting reductions in nutrient runoff through managed fertilizer application.

These methodologies provide standardized approaches for various stakeholders to generate credits by implementing specific environmental practices.

## GreenCollar's NaturePlus®

- **Environmental Markets and Conservation Projects:** GreenCollar is a leading environmental markets investor and project developer in Australia. The company focuses on creating commercial opportunities through conservation, including carbon farming, reef credits, and biodiversity credits. GreenCollar works with landholders, Indigenous groups, and other stakeholders to develop projects that deliver measurable environmental outcomes alongside economic benefits.

- **NaturePlus® Credits:** NaturePlus® is a voluntary biodiversity credit scheme designed to incentivize and reward continual improvement in environmental condition, as measured through a defined environmental asset (such as ecosystems, fauna, waterways, etc.). Credits are based off real demonstrated outcomes as evidenced through measurement of environmental condition using Accounting for Nature® Certified Environmental Accounts. A unique feature of the NaturePlus® Scheme is conservation credits, which can be issued when the environmental condition has improved beyond a defined conservation threshold. Each unit represents one hectare of demonstrated environmental improvement or conservation and cannot be used as offsets. Buyers of these credits include any entity seeking to invest in the improvement of nature. To safeguard independence, GreenCollar—the creators of the scheme—transferred the administration and governance of the NaturePlus® Standard to Accounting for Nature Ltd in early 2025, following the successful completion of the pilot phase. As Accounting for Nature Ltd evolves its role as custodian of the NaturePlus® Standard, it will seek to appoint a third party to manage and track credit issuance.

## OceanFarmr

- **Ocean-Based Carbon Credits:** OceanFarmr focuses on developing ocean-based carbon credit projects through sustainable seaweed farming. The company aims to harness the carbon sequestration potential of seaweed to generate carbon credits, while also providing co-benefits such as habitat restoration, water quality improvement, and support for coastal communities. OceanFarmr's approach integrates environmental sustainability with economic development in marine ecosystems.



## Regen Farmers Mutual

- **Aggregation of Market Power:** The farmer-owned organization assists Australian farmers in aggregating their market power and landscape impact, allowing them to collectively engage in environmental markets and negotiate better terms for their ecosystem services.
- **Regen Digital Platform:** Regen Farmers Mutual has developed this platform to help farmers in carbon, biodiversity, and green commodity markets with project discovery and management, and certification of environmental claims using the United Nations Transparency Protocol.
- **Environmental markets:** Regen Farmers Mutual has facilitated the sale of Australian Carbon Credit Units (ACCUs) for its members implementing practices that reduce greenhouse gas emissions. It is currently developing an approach to protecting and restoring biodiversity that stacks on these carbon credits, and offers an attractive pathway for farmers to move from low cost certification to higher commitment biodiversity credits.

## South Pole's EcoAustralia™

- **Integrated Carbon and Biodiversity Credits:** EcoAustralia™ offers a unique product that combines international carbon credits with Australian biodiversity units. Each EcoAustralia™ credit consists of a Gold Standard international carbon credit, representing the reduction of one tonne of CO<sub>2</sub> equivalent emissions, and an Australian Biodiversity Unit, which ensures the protection of 1.5 square meters of Australian native vegetation. This approach allows organizations to offset their carbon emissions while directly contributing to the preservation of Australia's unique ecosystems.

## Wilderlands

- **Biodiversity Credit Platform:** Wilderlands is an Australian company that offers a platform for purchasing biodiversity credits aimed at protecting and restoring native habitats. By investing in these credits, individuals and organizations contribute to the conservation of threatened ecosystems and species. Wilderlands ensures that each credit corresponds to tangible conservation actions, providing transparency and accountability in biodiversity protection efforts.

# About the Biodiversity Credit Alliance

The Biodiversity Credit Alliance (BCA) was established at COP15 in 2022. The BCA is a UN-backed coalition of like-minded organizations **working to shape the future of the biodiversity credit market** by bringing together scientific experts, conservation practitioners, and businesses to establish a **high-integrity, transparent, and scalable** biodiversity credit market. We're focused on ensuring that investments in nature generate **positive outcomes for biodiversity and communities**. By creating clear guidance and supporting market development in line with **principles of integrity, quality, and equity**, BCA helps unlock new funding streams for biodiversity conservation while ensuring credibility and impact. Whether you're a business, civil society organization, government, or land steward, we're providing the insights and framework to make biodiversity credits work effectively for people and the planet.

## BCA Mission

BCA is a voluntary international alliance that brings together diverse stakeholders to support the realization of the Kunming–Montreal Global Biodiversity Framework, in particular Targets 19(c) and (d), which “encourage the private sector to invest in biodiversity” utilizing, amongst others “biodiversity credits ... with social safeguards.”

### Our mission is twofold:



Help steer the development of a biodiversity credit market by building a framework of high-level, science-based principles.



Provide guidance and encourage best practice for market participants on the application of these principles, empowering them to achieve and maintain equitable, high-quality transactions that meet strict integrity criteria.

## BCA Vision

BCA's **vision** is a transparent, trustworthy and efficient global market in biodiversity credits founded on just and equitable principles, and underpinned by innovation.

BCA works to facilitate the transition to a nature positive economy aided by an integrated, efficient and scaled biodiversity credit market. BCA considers biodiversity credits to be an effective complement to, but not a replacement of, the private sector's supply chain transformation efforts. BCA views biodiversity credits as an effective mechanism for advancing the private sector's participation in ecosystem remediation and transformative landscape approaches in line with science-based principles.