



Q&A OFFSETS UNDER NATIONAL ENVIRONMENT LAW



Q. What are environmental offsets?

An environmental offset is a conservation action that is intended to compensate for the negative environmental impacts of an action, such as a development.

Under the *Environment Protection and Biodiversity Conservation Act 1999* (the EPBC Act) *environmental offsets policy*, offsets should directly correlate to the impacts of a proposed action. This is consistent with best practice offset techniques.

In practical terms, offsets can include protecting at-risk environmental assets, restoring or extending habitat for threatened species, or improving the values of a heritage place.

Q. Why is an environmental offsets policy needed?

The *EPBC Act environmental offsets policy* (the policy) and *Offsets assessment guide* (the guide) explain how to identify suitable offsets for matters protected under national environment law.

The policy will help to ensure that offsets for projects approved under the EPBC Act are consistent and transparent and deliver high quality outcomes.

The protected matters under the EPBC Act are:

- world heritage properties
- national heritage places
- wetlands of international importance (often called 'Ramsar' wetlands after the international treaty under which such wetlands are listed)
- nationally threatened species and ecological communities
- migratory species
- Commonwealth marine areas
- the Great Barrier Reef Marine Park
- nuclear actions (including uranium mining)
- a water resource, in relation to coal seam gas development and large coal mining development.

The policy deals with offsets associated with all these protected matters.



Q. How does the environmental offsets policy fit within the national environment reforms?

On 24 August 2011 the Minister for Sustainability, Environment, Water, Population and Communities released the *EPBC Act environmental offsets policy – consultation draft and Offsets assessment guide* as part of a broad package of reforms for Australia's national environment law.

These reforms are delivering better environmental protection focusing on whole regions and ecosystems, and a consistent and transparent national approach to environmental impact assessment that removes duplication and streamlines assessment and approvals processes.

Following extensive public consultation, the offsets policy and guide have now been finalised. They provide better upfront guidance on the role of offsets in environmental impact assessments, and how the department considers the suitability of a proposed offset.

The consistent application of best practice offset principles will lead to high quality conservation outcomes, and fairer and more consistent application of offsets to all relevant projects. The transparency provided by the offsets policy will allow better upfront planning and the policy also encourages the establishment of potential offsets in advance of them being needed.

The policy will also be used as the benchmark in negotiations of assessment and approval bilateral agreements between the Commonwealth and the states and territories. These agreements are being negotiated as part of the Council of Australian Governments' agreement on 13 April 2012 to commit to high environmental standards.

Q. How is this policy different to the 2007 draft offsets policy?

This policy replaces the 2007 draft offsets policy entitled *Use of environmental offsets under the EPBC Act*. The new policy provides additional detail and guidance regarding how the department determines what constitutes a suitable offset. The new policy also has an increased focus on the conservation gain that is delivered by an offset.



Q. Are offsets required for all projects assessed under national environment law?

No, offsets are not required for all approvals under national environment law.

Offsets are only considered after all reasonable actions to avoid or mitigate environmental damage on the site have been investigated.

Each proposal is then considered on a case-by-case basis, taking into account the scale and intensity of the impacts from the proposal, and the potential for offsets to deliver high quality conservation outcomes.

Offsets do not mean proposals with unacceptable impacts will be approved.



Q. What is considered in an offset?

A suitable offset needs to:

- deliver an overall conservation outcome that improves or maintains the viability of the aspect of the environment that is protected by national environment law and affected by the proposed action
- be built around direct offsets but may include other compensatory measures
- be in proportion to the level of statutory protection that applies to the protected matter
- be of a size and scale proportionate to the residual impacts on the protected matter
- account for and manage the risks of the offset not succeeding
- be additional to what is already required, determined by law or planning regulations or agreed to under other schemes or programs
- be efficient, effective, timely, transparent, scientifically robust and reasonable
- have transparent governance arrangements including being able to be readily measured, monitored, audited and enforced.

Q. What is the offsets assessment guide?

The guide is a spreadsheet for use within the federal environment department to determine the suitability of offset proposals under the EPBC Act in a clear and consistent manner. It is used to determine suitable offsets for threatened species and ecological communities.

The guide incorporates the best-practice principles for offsetting that are articulated in the offsets policy. It has been the subject of significant stakeholder consultation.

Q. How does the offsets assessment guide work?

The guide uses specific information about impacts and offsets to calculate whether a proposed offset adequately compensates for the residual significant impacts of a proposed action. The spreadsheet allows users to enter a range of data about impacts and offsets, including:

- the size and nature of the impact of the proposed action
- the size and nature of the proposed offset
- risks associated with delivery of the proposed offset


Q. Who can use the offsets assessment guide?

The guide is intended for primary use by expert users within the federal environment department to assess the suitability of proposed offsets, as part of the recommendation to a decision maker. In some cases the assessment officer may need additional information from the applicant to make this assessment.

The guide is also publicly available and can be used by relevant stakeholders for planning purposes when preparing a referral for environmental assessment.

Q. What costs are involved with an offset?

There are generally costs associated with establishing an offset as well as its ongoing management and monitoring, however these costs are dependent on the nature of the offset.





Q. Does the guide identify costs involved with offsets?

The guide assesses the suitability of a proposed offset. Where data are available about the cost of a proposed offset, this can be entered into the guide. These data can then be used to calculate other compensatory measures where such measures form part of an offsets proposal.

Q. Is there government funding for environmental offsets?

No. Any costs for offsets undertaken for projects approved under the EPBC Act are the responsibility of the proponent.

Q. What ongoing monitoring and evaluation is involved in managing an offset?

The department has an active monitoring and audit program to ensure that conditions of approval are implemented effectively. Breaches of approval conditions, including those relating to offsets, can incur significant penalties.

The proponent is required to provide information about the management of the offset to the department as part of the ongoing monitoring. This may include flora and fauna survey data, water quality data, rates of breeding success, and photo point images.

The types of data required for monitoring will depend on the nature of the impact and the offset requirements and will be outlined in the project's Conditions of Approval.

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