



A review of

# **Queensland's environmental offsets framework**

*a discussion paper*

February 2019



**Queensland**  
Government

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## Foreword by the Minister

Over the past two decades the world has witnessed an unprecedented period of economic growth with a consequential demand for land and resources. This growth is expected to continue and we must ensure that, in the face of rapid urban expansion, we also maintain our unique natural assets.

Environmental offsets are a proven way to compensate for this impact.

They compel business, government and non-government organisations to take proactive steps in meeting their environmental obligations, achieving biodiversity targets, and embracing corporate and social responsibilities.

The Queensland Government will ensure environmental offsets continue delivering positive environmental outcomes, while maintaining sustainable economic growth, job creation, income diversification and an improved quality of life for all Queenslanders, especially those in our regions.

Our offsets review process will address concerns from stakeholders, and enhance business and industry outputs, as well as conservation outcomes.

I encourage you to read this discussion paper and take the opportunity to provide your feedback on the Queensland Environmental Offsets Framework by visiting [www.getinvolved.qld.gov.au](http://www.getinvolved.qld.gov.au).

### **Leeanne Enoch MP**

Minister for Environment and  
the Great Barrier Reef

Minister for Science and Minister for the Arts



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# Introduction

The Queensland Government is undertaking a comprehensive review of the Queensland Environmental Offsets Framework (the 'framework'). The aim is to ensure Queensland's extraordinary biodiversity values are provided protection through effective offset delivery.

This review is exploring avenues that will encourage greater investment in activities that counterbalance the unavoidable impacts from development practices. The Queensland Government will continue working with industry and other stakeholders to secure a viable offsets framework that is strategic and coordinated.

The government is looking to open the door to innovative ways to achieve conservation outcomes, and identify opportunities for co-benefits including social, cultural and economic enhancement.

## Scope of the review

This review targets all activities that have a direct or indirect relationship with the *Environmental Offsets Act 2014*. It also includes the alignment between the Queensland framework and the Commonwealth Government *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) Environmental Offsets Policy.

Although the primary focus of this review is on offsets as they relate to, and interact with, the current environmental offsets framework, the Queensland Government continues to examine the potential for a new water-quality offsets framework, as recommended by the Great Barrier Reef Water Science Taskforce.

## How we will do it

The 2014 offsets policy requires a review of the framework within five years of its implementation. This includes looking at existing offset delivery plans, reviewing the 'cap' placed on the size and scale of an offset, and establishing whether the offsets policy is achieving conservation outcomes for environmental values.

The release of this discussion paper, coupled with targeted consultation with peak bodies from all relevant sectors, is the critical first step in this process. We invite Queenslanders who have an interest to have their say on the strengths, opportunities and areas for improvement.

Once the review is complete, we will develop an action plan to progress proposed changes to the offsets framework, its policies and administration.

## Certainty during the review

Environmental offsets are here to stay. The Queensland Government is committed to retaining the *Environmental Offsets Act 2014* as the primary legislation used to govern environmental offsets in Queensland.

Once the results of the review are known, any subsequent changes, including legislative amendments, will be introduced only after extensive consultation with key stakeholders.

# Environmental offsets at a glance

## What is an environmental offset?

An environmental offset compensates for unavoidable impacts on significant environmental matters, (e.g. valuable species and ecosystems) on one site, by securing land at another site, and managing that land over a period of time, to replace those significant environmental matters which were lost.



## International

Environmental offsets ('offsets') are a globally accepted practice. There are almost 100 different offset programs in 33 countries around the world. The programs have collectively delivered conservation outcomes to an area relative to the size of Austria (Bennett et al, 2017). The International Union for the Conservation of Nature (IUCN) has released the first global 'Policy on Biodiversity Offsets'. The purpose of which is to '... provide a framework to guide the design, implementation and governance of biodiversity offset schemes and projects' (IUCN 2016).



## National

In Australia, the Commonwealth Government released the EPBC Act Environmental Offsets Policy in October 2012. The EPBC Act Environmental Offsets Policy relates to all Matters of National Environmental Significance (MNES) protected under the EPBC Act.



## Other states and territories

All other states and territories in Australia have introduced environmental offsets frameworks which apply as either a statewide policy, local government area policy, or a policy that applies to a particular industry sector.

# Environmental offsets in Queensland

Queensland first adopted the concept of environmental offsets in the 1980s when the ability to avoid or adequately mitigate impacts as a consequence of development could not always be achieved, highlighting the need to preserve and protect the state's environmental values.

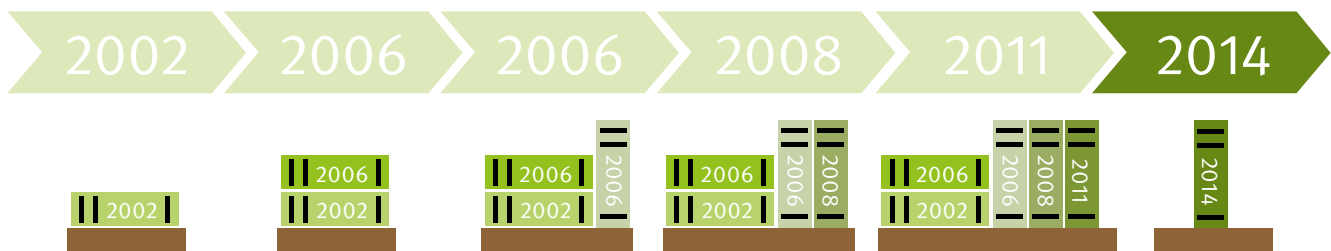
Offsets requirements were first legislated under the *Fisheries Act 1976* in the 1980s and the first offsets policy, Fish Habitat Management Operational Policy for Mitigation and Compensation for Works or Activities Causing Marine Fish Habitat Loss, was introduced in 2002.

This was followed by the:

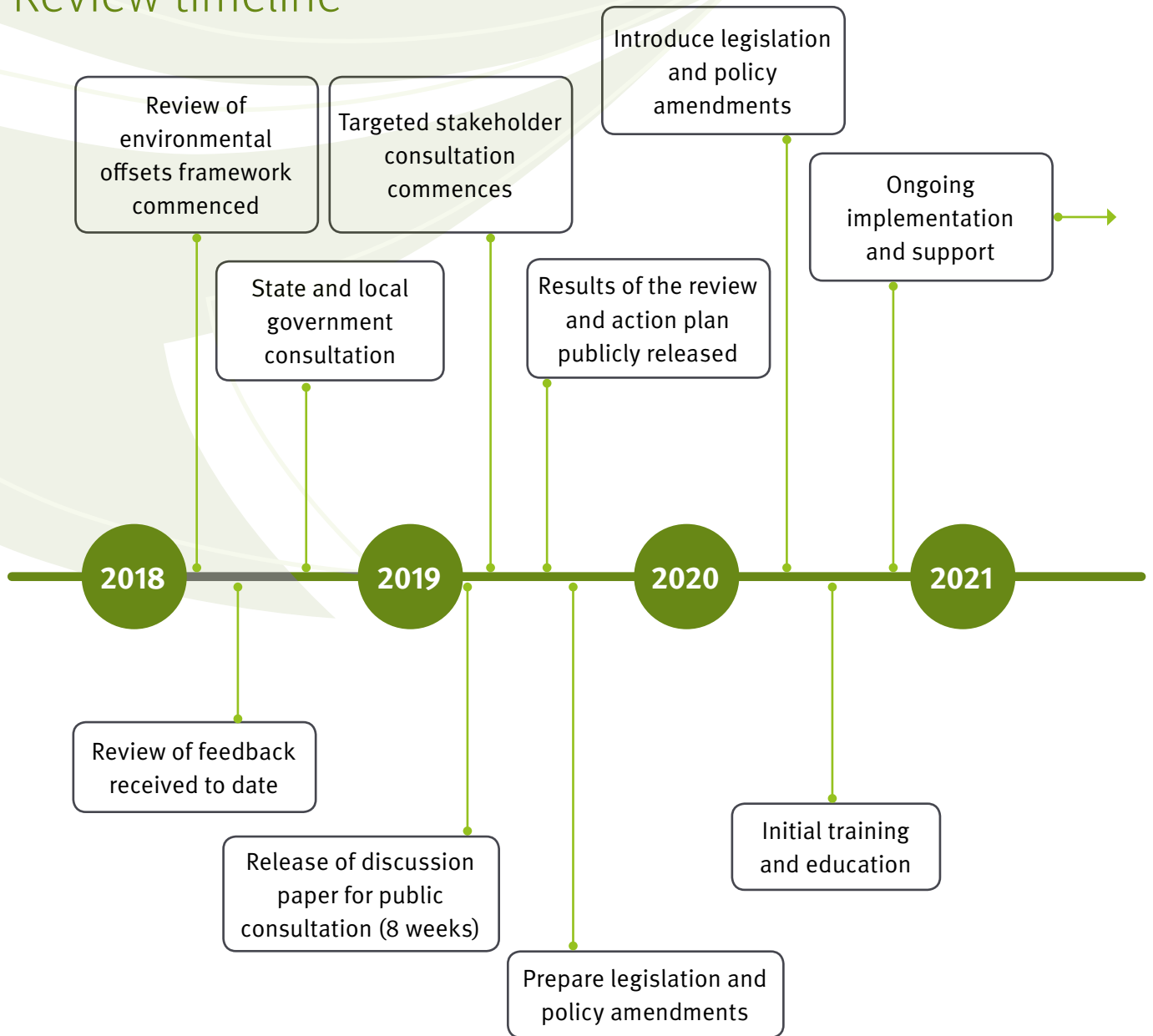
- Offsets for net benefit to koalas and koala habitat policy, introduced in early 2006
- Policy for Vegetation Management Offsets, introduced in late 2006
- Queensland Government Environmental Offsets Policy, introduced in 2008
- Queensland Biodiversity Offset Policy, introduced in 2011.

Finally, in 2014, the Queensland Government replaced all previous offset policies with the introduction of the Queensland Environmental Offsets Policy, providing a single policy to streamline environmental offsets requirements across the state.

## Number of offset policies in Queensland



# Review timeline





## What we have heard so far ...



Stewart River region © Kerry Trapnell

The process to legally secure an offset is difficult and lengthy

Local government should be able to offset matters of state environmental significance

Financial settlement offsets are too low to encourage landholder participation

There should be greater alignment with the Commonwealth

The legislation is too complex

Having one policy is better than having five policies

There needs to be clearer definitions of matters of local environmental significance

Offset ratios should be based on scientific evidence

There should be a greater supply of advanced offsets

We only need one significant residual impact guideline

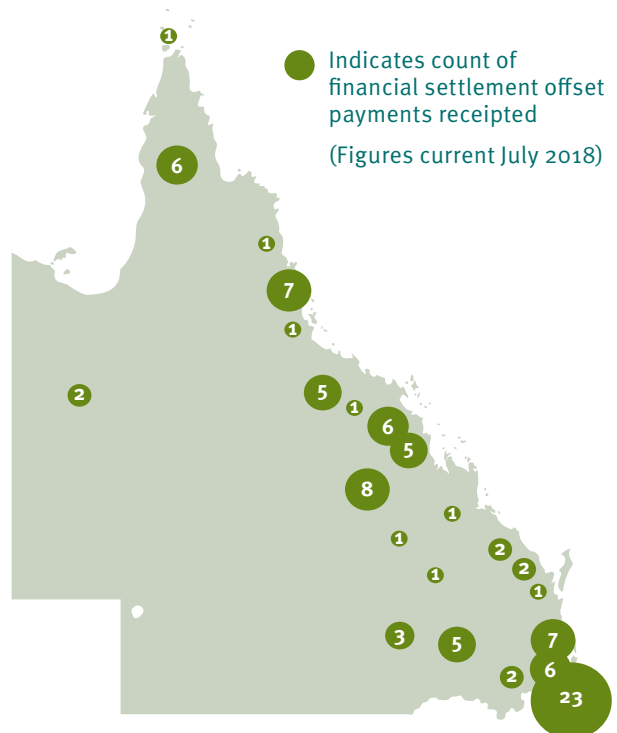
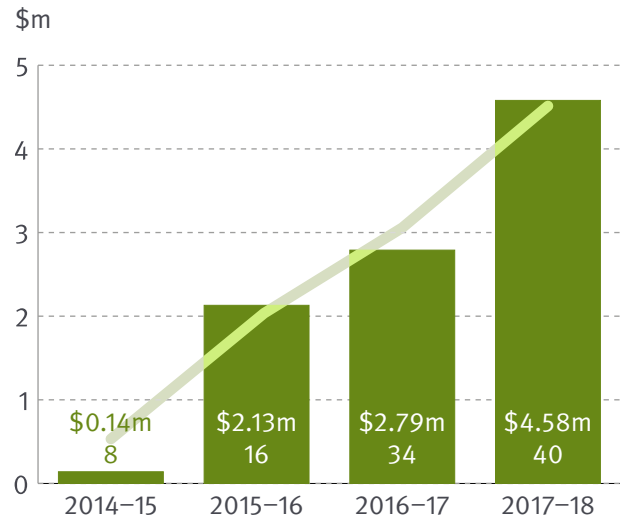
# Progress to date—by numbers

Over the last four years we have been analysing the progress made and will continue to look at the environmental outcomes delivered on the ground as we undertake the review

Between 1 July 2014 and 30 June 2018 approximately:

- **156** approvals were granted with an offset condition:
  - 73% are for development approvals
  - 15% are for mining and resource activities
  - 12% are for protected plants, wildlife and other approvals
  - These authorities may require an offset for **354 environmental values**
- **97%** of environmental offsets were delivered as a **financial settlement**. The other 3% of were delivered as proponent driven offsets
- **\$9.6m** received by the state as **financial settlement offsets**. Of this:
  - **\$5.1m** is allocated towards delivering offset projects
  - **\$1.5m** has been contracted, committed or spent delivering offset projects
- **6 advanced offsets are registered**, with a combined total area of 130 hectares
- **3 Direct Benefit Management Plans** are under development (these are yet to be registered)
- **307 hectares** are being used to deliver land based offsets

**Total amount received per financial year as a financial settlement**



This map shows where projects have impacted on environmental values and have chosen to pay a financial settlement offset.

# Why it was introduced and what it's achieved

The environmental offset framework was introduced to achieve the following policy objectives:

## **Facilitating a coordinated environmental offsets framework**

By introducing primary legislation (the *Environmental Offsets Act 2014*) to provide a single head of power for a whole-of-government offsets policy which reduces complexity associated with the five pre-existing offset policies.

**Has this been achieved?** *The Act provided for the introduction of the whole-of-government Queensland Environmental Offset Policy however complexity still remains an issue for many stakeholders.*

## **Commitment to reducing green tape**

By providing a framework that is easier to understand and reduces the resources required by proponents to meet environmental approvals, and a reduction in the number of environmental values which may require offsets.

**Has this been achieved?** *In some instances, the single policy and reduced list of environmental values has reduced resources however some proponents have experienced difficulty addressing impacts for environmental values which cannot be offset.*

## **Removing inconsistency between specific-issue offset policies**

By providing a single policy and single list of environmental values to which offsets apply, removing the need to address separate offset policies for the one activity.

**Has this been achieved?** *The list of environmental values prescribed by regulation, and the single policy has enabled proponents to address one policy for the one activity removing a certain level of inconsistency.*

## **Removing duplication of environmental assessments**

By removing the ability for offsets to be imposed many times by different levels of government for the one project, to reduce project delays and reduce costs to industry.

**Has this all been achieved?** *The removal has removed duplication when an offset is required, however this has removed the ability for a State or local government to require an offset for environmental values that are not considered significant by the higher level of government, though important at the local, regional, or subnational scale.*

## **Stronger environmental outcomes through strategic offset delivery**

By providing a greater number of options to choose when delivering an offset, including financial settlement offsets, and the creation of 'shelf ready' products, such as Direct Benefit Management plans and Strategic Offset Investment Corridors

**Has this been achieved?** *The review will be focused on the environmental outcomes on the ground, however the financial settlement option has been popular enabling faster acquittal of offset obligations and has enabled the State to 'pool' offset funds for multiple projects. There has been a slow uptake of the approval of Direct Benefit Management Plans, and the use of environmental offsets within the Strategic Offset Investment Corridors.*



## Tell us what you think ...

1. What has been your interaction with the Queensland environmental offsets framework?
2. Which elements of the framework do you think are working well?
3. Are there any areas where you would like to see improvements made?
4. Is there anything you would like to see in the framework that isn't already there?



## Areas of the review

To undertake a comprehensive review, the Queensland Government will focus on five areas.

This focus will allow the critical evaluation of the effectiveness of the framework since its introduction in 2014.

It will identify the environmental outcomes that have been delivered on the ground, changes that can be made to improve these outcomes, and opportunities to facilitate co-benefits in

the delivery of social, cultural, environmental and economic outcomes.

The framework has been in place for a relatively short period of time.

An evaluation at this stage of the process provides an opportunity to identify what is working well, and make any necessary improvements to ensure the framework continues to performing efficiently, effectively and with transparency.



1. Environmental outcomes
2. Alignment with best practice
3. How we measure offsets
4. Security and transparency
5. Offset opportunities









# 1. Environmental outcomes

The Queensland Government is committed to providing an offsets framework that delivers excellent environmental outcomes.

These outcomes must be measurable, long-term, and large enough to increase the overall environmental benefits to biodiversity in Queensland.

The long-term success of any offset requires long-term commitment. This includes a commitment by the person delivering the offset to see it through to completion, and a commitment by government to monitor success and ensure long-term compliance.

The Queensland Government is committed to ensuring that offsets are applied in situations where they are most appropriate. This is achieved by establishing:

- activities to which an offset may be required to address an unavoidable environmental impact from the activity
- environmental values to which the framework applies, which may benefit from the delivery of an offset.

## The Queensland Government will:

- evaluate the environmental outcomes that have been delivered since the framework was introduced
- review which activities and environmental values currently require offsets
- examine areas where offsets are, and are not, appropriate
- determine the level of compliance with offset delivery plans.

## 2. Alignment with best practice

Queensland boasts the only 'Environmental Offsets Act' in the world, and one of only a few offset policies in Australia that are governed under primary legislation.

The Queensland Government recognises the need to periodically review successful environmental offsets programs elsewhere to identify suitable elements to incorporate into the Queensland framework.

The Queensland Government also recognises the key role that local government plays in the offsets framework. They have an excellent understanding of local issues and are developing their experience in offsets delivery.

### The Queensland Government will:

- identify approaches to offsets that have worked well internationally, as well as in Australia, at the national, state and local level
- examine advancements in offset delivery and implementation that may be beneficial in the Queensland context
- collaborate with local government to explore innovative ways to deliver offsets
- explore opportunities to deliver more strategic and coordinated offsets for all environmental values.

### 3. How we measure offsets

One of the most important aspects of delivering an offset is the method used to measure success and quantify the environmental improvement on the ground, or in the water.

The development of an effective method for measuring offsets is essential, and can be used to inform the cost of any offset, including a land-based offset, a financial settlement offset or a direct benefit management plan.

The Queensland Government understands that each environmental value will respond differently to management actions, speed of recovery and ongoing management requirements for the offsets area. The method used to measure improvement for an offset in the marine, or freshwater environment is going to be different to those on the land.

The appropriate size and scale of an offset is also important. It should be based on scientific evidence and consider variables, such as risk, difficulty in offset delivery, and speed of recovery.

#### The Queensland Government will:

- review the methods used to quantify and measure the improvement of the environmental values as part of an offset
- review the cost of providing a financial settlement offset
- review the 1:4 ratio cap in place to limit the size and scale of some offsets.

## 4. Security and transparency

Stakeholders expect certainty that any environmental offset will be protected for the long term. They also expect to see transparency in how government and the private sector are delivering offsets, and how well these offsets are performing.

The Queensland Government is looking at ways to improve transparency and ensure long term security of environmental offsets delivered under the framework.

Furthermore, the Queensland Government recognises that the greater the time delay between impact and offset, the greater the overall impact on each environmental value. An environmental offset that delivers its environmental benefit as soon as possible, is preferable to one that is postponed.

### The Queensland Government will:

- review the process and existing methods available to legally secure an offset area
- explore opportunities to reduce time delay by facilitating a greater supply of advanced offsets and direct benefit management plans
- investigate the implementation of a mitigation banking scheme in Queensland
- evaluate the methods used to appropriately address risk of the offset not succeeding
- explore methods for improving transparency in the delivery of offsets
- continue to monitor the performance of the environmental offsets framework.



## 5. Offset opportunities

The Queensland Government is committed to connecting with as many people as possible to increase participation, and ensure an adequate supply of offsets in the state.

Many Queenslanders have a wealth of knowledge, potential and capacity to deliver offsets, including those in remote Aboriginal and Torres Strait Islander communities, the agricultural sector and the conservation sector.

The Queensland Government would like to explore opportunities for landholders to participate in a way that benefits their business or community whilst delivering the best environmental outcomes.

Furthermore, the delivery of offsets may provide social, economic, cultural and/or environmental co-benefits.

It is also preferred that offsets are strategically located in areas which are resilient to future threats, including weeds, pests, pollution, diseases and climate change.

### The Queensland Government will:

- explore methods to encourage further landholder participation and provide benefits to the broader community
- partner with others to explore opportunities for the delivery of offsets which deliver additional social, economic, cultural and environmental co-benefits.

## Definitions

- Advanced offsets – An advanced offset is an area of land, approved by the Department of Environment and Science (DES), that contains, or is capable of containing, one or more matters of State environmental significance (MSES)
- Direct Benefit Management Plan (DBMP) - A DBMP is a pre-approved plan that outlines activities that can be undertaken as part of an environmental offset to help improve or maintain the viability of one or more prescribed environmental matters.
- Environmental offset - An environmental offset compensates for unavoidable impacts on significant environmental matters, (e.g. valuable species and ecosystems) on one site, by securing land at another site, and managing that land over a period of time, to replace those significant environmental matters which were lost.
- Environmental values – prescribed environmental matters which are suitable for offsets - A list of prescribed environmental matters are outlined in Schedule 2 of the Environmental Offsets Regulation 2014.
- Financial settlement offset – A financial settlement offset is delivered through a payment made into the offsets account
- Mitigation banking scheme - Mitigation Banking, also is a system that enables landowners to accumulate ‘biodiversity credits’ by undertaking actions on their land that enhance and protect environmental values. These credits can then be sold to a person with an obligation to offset their environmental impacts.

## References

- Bennett, Genevieve, Gallant, Melissa, and Kerry ten Kate. 2017. ‘State of Biodiversity Mitigation 2017, Markets and Compensation for Global Infrastructure Development’, Washington DC: Forest Trends’ Ecosystem Marketplace
- IUCN (International Union for the Conservation of Nature), 2016, ‘IUCN Policy on Biodiversity Offsets’, [www.iucn.org/theme/business-and-biodiversity/our-work/business-approaches-and-tools/biodiversity-offsets](http://www.iucn.org/theme/business-and-biodiversity/our-work/business-approaches-and-tools/biodiversity-offsets) (cited 18 May 2018)



## Tell us what you think



1. What has been your experience with the Queensland environmental offsets framework?
2. Which elements of the framework do you think are working well?
3. Are there any areas where you would like to see improvements made?
4. Is there anything you would like to see in the framework that isn't already there?

## How to respond

The government is interested in the elements of the framework that are important to you, and any identified opportunities for improvement.

Submissions can be made by:

Email: [offsetsreview@des.qld.gov.au](mailto:offsetsreview@des.qld.gov.au)

Mail: Manager, Environmental Offsets Review  
GPO BOX 2454, Brisbane QLD 4001

Online survey: [www.getinvolved.qld.gov.au](http://www.getinvolved.qld.gov.au)

Submissions close 5pm Monday 15 April 2019.

For further information please visit our webpage <https://www.qld.gov.au/environment/pollution/management/offsets/review>.

Please indicate whether you would prefer any elements of your feedback to remain confidential. Submissions not marked as confidential may be published in full or quoted in public documents.



