

Business
Council of
Australia



Submission to the Senate
Standing Committee on Environment
and Communications Inquiry
into Environmental Offsets

APRIL 2014

The Business Council of Australia (BCA) brings together the chief executives of more than 100 of Australia's leading companies, whose vision is for Australia to be the best place in the world in which to live, learn, work and do business.

About this submission

This is the Business Council of Australia Submission to the Senate Standing Committee on Environment and Communications Inquiry into Environmental Offsets.

Over a long period of time, the Business Council has taken a keen interest in environmental regulation. In this regard we support the government's deregulation efforts, which will maintain environmental standards while reducing the burden on proponents of projects that are assessed and approved under the provisions of the Environment Protection and Biodiversity Conservation Act (EPBC Act).

It is critical that all governments continuously examine their regulatory arrangements in an effort to minimise the regulatory burden while delivering regulatory outcomes. The use of environmental offsets is an important component of environmental regulation, which directly impacts on many of the Business Council's members.

Key points

Environmental offsets are an important part of the government's environmental regulatory arrangements that seek to compensate for the residual adverse impacts of an action on the environment. They provide a mechanism to facilitate beneficial economic development in an environmentally responsible manner.

We support the current framework of only using offsets once avoidance, minimisation and mitigation measures have been undertaken. The current framework provides incentives for project proponents to find ways to first avoid, then minimise and mitigate the potential impacts that their actions may have on matters of national environmental significance. The use of offsets should not be expanded outside of this hierarchical framework.

After extensive consultation with business and environmental stakeholders, the Commonwealth Government introduced a new offsets policy under the EPBC Act in September 2012, which included a new, transparent offsets calculator. This new policy and associated calculator represents a major step forward – it clarifies that offsets should only be used to correct for residual impacts, and provides a transparent, predictable, science-based method for establishing required offsets.

In our view, the EPBC Act environmental offsets policy should be allowed to settle in before any major changes are made. The policy requires that it is reviewed periodically; such reviews are the appropriate place to consider the need for major changes.

Within the Commonwealth offsets policy, further work should be done to recognise the offset policies of other jurisdictions and to allow flexibility in how offsets are secured. For example, efforts to support the monetisation of offsets, as has happened in Queensland, should be further pursued. This allows the development of offset markets or offset funds, which the Productivity Commission has noted (in its 2013 Review of Major Project Approvals Processes) can “reduce transactions costs for proponents, deliver larger-scale offset measures, achieve more strategic and high-value offsets and reduce the risk of non-delivery”.

Key recommendations

The committee should support the current framework of only using environmental offsets once all reasonable avoidance, minimisation and mitigation measures have been undertaken.

Further efforts should be pursued to support the monetisation of offsets and the development of offset markets or offset funds.

BUSINESS COUNCIL OF AUSTRALIA

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