



1. Executive summary

The Environment Centre NT (ECNT) is the peak community sector environment organisation in the Northern Territory, raising awareness amongst community, government, business and industry about environmental issues. We are assisting people to reduce their environmental impact and supporting community members to participate in decision making processes and action. The ECNT welcomes the opportunity to make a submission on the *Draft Northern Territory Offsets Policy 2019* (the *Offsets Policy Vision*) and the related Target based outcomes implementation model (the *Implementation Model*).

ECNT was one several stakeholders who in addition to reviewing the two policy documents provided for comment also attended a stakeholder consultation meeting held on the 22nd January 2020 and the 12th February 2020. As was raised in this meeting and generally agreed by participants and even to some degree by DENR & DCM, **the documents presented do not constitute an ‘offsets policy’ or even a policy summary; at best they are an outline of a high-level policy vision.** Any actual ‘policy’ in basic terms needs to: identify goals and targets; actively and transparently engage stakeholders in policy development; describe legislative and policy tools; identify roles and responsibilities and outline monitoring and reporting programs that will be used to measure progress towards targets. All these elements are missing or unclear in the two documents provided. Overall this suggests several things: NTG continues to lag behind the rest of the country with respect to climate change policy and action; the NTG is not listening to the concerns raised by a large percentage of the population, big business, economists and climate change experts and as a result is talking about but not actually undertaking any real action in response to climate change. Given the economic, social and environmental benefits that a well-designed and implemented offsets policy could deliver for the NT – this is very disappointing – especially in an election year.

In this submission we explain how we reviewed the ‘policy vision’ documents against recognised policy frameworks and best practice principles and provide some suggested actions to address the identified policy framework deficits that we have identified in relation to the ‘Offsets Policy Vision’ documents. As the aim is clearly to develop an offsets policy, the identified policy gaps need to be addressed in order to develop and offsets policy.

We congratulate NTG on the ongoing commitment and work to date on climate change response, recognising the need for offsets and improved stakeholder consultation in relation to climate change. But, having reviewed the documents and listed to the documents being explained (Stakeholder Consultation, December 2019) we conclude that a large number of questions need to be addressed by NTG and key policy elements gaps addressed before the NT can design and implement an offsets policy that can be applied to range of environmental offsets related avoiding or mitigating the risks to the NT’s social/cultural, environmental and economic values.

As suggested in the two draft offset policy vision documents and the 2019 NTG Climate Change Response document; offsets are linked to climate change which threatens a variety of NT economic, social and environmental values. Any offsets policy needs to reflect the shared risks and policy responses to avoiding or mitigating these risks. Well designed and regulated offsets in combination with other innovative economic developments e.g. the 10 gigawatt vision¹ have the potential to provide significant economic, social and environmental benefits to the NT, at the same time as responding to the need for urgent climate change related action.

Climate change related policy in Australia and very clearly the NT is inherently political in nature. In current political debate, policy is often talked about as having passed or failed the ‘pub test’: would your average ‘punter’ support the ideas and aims of the policy. In applying the pub test to the draft NTG we assessed whether the following questions had been addressed and answered: Does it look like a policy document? Does the document make it the following clear: **What** are environmental offsets? – **Why** do we need an offsets policy? **When** do we apply an offsets policy? **How** you will apply an offsets policy? And **How** long will it take to design, implement and enforce an offsets policy?

2. Recommendations

1. That NTG note that the policy assessment (see Section 4) results suggest that a large amount of policy and planning work is required before the draft documents can be considered an ‘NT Offsets policy’. Stakeholder engagement and transparency needs to be a key part of this work.
2. Change the title of the document to the ‘*Northern Territory Offset Policy Vision*’; or something else that makes it clear to the reader from the outset that this is not a ‘policy’ document per se. Specific suggested changes include (Section 4):
 - a. Include in the re-titled document a text and/or schematic figure showing how this policy, when developed, links to other existing legislation and policy and identifies policy and legislative gaps.
 - b. Refine and add additional detail to the guiding principles to make them consistent with those suggested by EDO NSW (2014) or a similar peer reviewed and/or published document.
 - c. Refine and add additional detail to the revised Offsets Policy Vision or any Offsets Policy to make them consistent with those detailed in Dover & Hussey (2013) or a similar peer reviewed and/or published document.
 - d. Remove language which is vague, subject to interpretation and reduces transparency, accountability and the ability to apply adaptive management approaches over time.
 - e. The following questions need to be addressed by NTG in the development of a Offsets Policy: What are offsets? Why does the NT need offsets? When offsets need to be considered and applied? What constitutes acceptable offsets? and How NTG plans to apply and regulate offsets?
3. Develop, document and make publicly available, an evidence-based process to identify clear and measurable GHG emission and biodiversity conservation targets.
4. Develop, document and make publicly available a monitoring, evaluation and reporting process related to offsets targets.
5. Develop, document and make publicly available a process for maintaining links between biodiversity and GHG emission offsets, that allow these two types of offsets to be managed separately.
 - a. In this process biodiversity and GHG emission offsets need to be weighted and prioritised equally.

6. Establish a statutory advisory body to assist NTG Agencies working on climate change related policy and use this body to address the knowledge and/or policy gaps identified in this submission.
7. Improve the level of engagement and information exchange (transparency) with external experts, researchers, NGO's, all business involved in delivering of using offsets and stakeholders.
8. Any NT Offsets Policy or overarching Climate Change Policy that are developed need to incorporate all potential risks and all potential offsets e.g. carbon sequestration, GHG emission offsets etc that could be applied to NRM in the NT and or northern Australia. To be clear, this means it needs to extend beyond biodiversity offsets only.
9. The NTG note that climate change and the need to manage GHG emissions offers a range of challenges as well as clearly identified opportunities for the NT e.g. GHG emissions related offsets; carbon sequestration and a move to non-GHG emissions energy generation. All these opportunities are acknowledged in the Draft NT Climate Change Response (2019). These development opportunities and risk management measures need to be better incorporated into any NTG offset policy.

3. Intro & Background

3.1. The Offset Policy in context

The proposed Offsets Policy has been developed in response to increased recognition by experts, Government and the public of changes to the natural environment and the role that human activities in Climate Change. As a central element of responding to the risks of climate change is about reducing GHG emissions; any offset policy needs to consider GHG emissions. The Offsets Policy 'Vision' document recognises this link between biodiversity and GHG emissions offsets (p.3), but then proceeds to largely ignore GHG emissions offsets and how they might be applied in the NT. As the NT currently has no climate change related policy and it is unclear how the recent Environment Protection Act (2019) will be applied, it is not surprising that GHG emissions offsets get very limited discussion in the Offsets Policy Vision document.

There is a clear link between any environmental offsets and GHG emissions offsets, which rely on key elements of the environment (vegetation, soils, water, atmosphere) to mitigate increased GHG emissions. However, given the limited amount of National, State and Territory legislation, policy and strategies in relation to GHG emissions offsets, there is a clear need for the NT be able to separate GHG emissions policy from biodiversity offsets as they develop an overarching offsets policy – but still recognise the two are linked. This is further discussed in Section 6.

Offsets policy cannot be separated from climate change policy and offsets policy needs to consider a very wide range of economic, social and environmental risks, costs and benefits related to the management of natural resources. The current absence of NTG climate change policy and the limitations of current environmental legislation make developing any policy implicitly linked to climate change difficult to design, develop and implement; the draft NTG offsets policy provides a very clear example of the challenges posed and the limited progress to date.

While developing climate change related policy in the NT is challenging for a variety of reasons – some natural, some political and policy related - by lagging behind most other jurisdictions on the development of climate change related policy the NT does have the ability to review what other jurisdictions have done and where relevant adapt them to NT requirements. Having reviewed some of the legislation and policies developed by other jurisdictions two things are clear: (1) there are policies and legislation that could be used to accelerate policy and legislation related to climate change and offsets in the NT; (2) the focus of

offsets in the NT will be very different from the focus of GHG emissions and offsets in most other jurisdictions.

What makes the NT very different to almost all other jurisdictions is: a small population spread very unevenly across a very large land area; land which due to the population size and distribution remains much more 'intact' than most other jurisdictions (WA arguably being the only exception to this); and where the dominant land uses is Aboriginal and Pastoral. All these differences pose challenges for the development of legalisation and policy; but, equally offer a wide range of unique opportunities for innovative new ways to respond to the challenges posed by climate change.

3.2. Territory Context & Target Based Outcomes

The Draft NT Offsets Policy document has a linked supporting document called the '*Target based outcomes implementation model*'. This section makes comments on both documents; with the documents being referred to indicated.

The Draft NT Offset 'Policy' [sic] document states, in relation to the NT context, the following:

'relatively intact landscapes which mean that biodiversity loss cannot generally be averted in the NT by simply 'locking up' an offset area. Rather, management of loss generally requires the reduction of pervasive threats such as inappropriate fire, weeds and feral animals, which is most effectively achieved at a broad landscape scale' (p4).

It is disturbing that that in a policy document prompted by climate change concerns, the opening point in the *Territory Context* section (a) does not refer to NT GHG emissions; (b) suggests, that even for biodiversity offsets – '*simply locking-up an offset area*' is not going to be part of the solution. The continued focus on fire, weeds and ferals, while certainly important without acknowledging a link to climate change, effectively means business as usual.

Furthermore, ECNT objects to the phrase and sentiment that protecting the natural values of country is somehow "locking-up". This is a particularly irrelevant and outdated term for a jurisdiction where the tourist industry is largely nature based and around 30% of the population are of aboriginal heritage. As exemplified by the healthy country, healthy people sentiment, the welfare of a very significant proportion of the NT population is intimately tied to protecting the environmental values of country. While some people focusing on the extraction of natural resources may view protected lands as "locked-up", a very significant proportion of the NT population have an alternative view. The use of this language reinforces the perception that the draft vision is focused on business as usual.

Most people reading a proposed new offset policy could reasonably expect that climate change related offsets, such as GHG emissions, would be a central element and to have clearly identified long-term goals and targets related to offsets.

In the absence of climate change policy and legislation it is impossible to assess what the NTG has in mind with regard to the details of determining why, when and how offsets will be used and how policy success / or failure will be assessed over time.

In the NTG '*Target based outcomes implementation model*' document, the model is described as:

*'The **proposed** target-based **implementation** model (the model) is based on the concept of offsets contributing to the achievement of **environmental targets** developed for the Territory at regional or Territory-wide scales. Such targets **would reflect the most serious environmental threats** in different parts of the Territory, or those elements of **biodiversity** which are most*

*threatened, most valued and/or most amenable to recovery. Such targets **could include**, for example, preventing the further spread of serious environmental weeds (or reducing their current extent); or a specified level of recovery in the status of threatened mammal species in a particular region.’ (p.1)*

While the title of this document is promising, the contents provide very little detail of the elements of the model and how it would be developed and utilised. The NTG Offset Policy Report Card – Section 5.2 – reflects these shortfalls. Of particular note are the following:

In the same way that the ‘Draft NTG Offset Policy’ document is not actually a policy document, the ‘Target based outcomes implementation model’ document does not contain enough detail to constitute a description of a ‘model’. Like the ‘policy’ document, it is at best a proposed vision or concept plan.

Many people would suggest that to have an ‘Implementation Model’ you first need: (a) a series or related supporting policy elements (See Section 5.2) that together constitute a policy; and (b) a model that describes and shows how the different policy elements and existing and proposed new legislation etc fit together.

It would be useful to use an alternative term to ‘model’ while the linkages between the key parts of the ‘model’, like targets, are developed e.g. replace ‘model’ with ‘approach’ or ‘method’. You might get away with ‘concept model’.

Despite the title of the ‘Target based outcomes implementation model’, no targets are identified; no baseline data is referred to; and no monitoring and reporting programs are outlined in either the ‘Draft NT Offsets Policy’ or the ‘Target based outcomes implementation model’.

Q. Is climate change considered a serious threat? If yes, some reference to it should probably occur in the ‘Target based outcomes implementation model’ document.

The ‘Target based outcomes implementation model’ appears to focus exclusively on ‘biodiversity’ protection. An offsets policy needs to consider more than just biodiversity risks if it is not being separated from climate change risks.

A general comment: For clarity, defensibility and transparency the use of terms such as: ‘would reflect’, ‘could include’, ‘for example’ (unless a link to a full list is provided), should be avoided.

In the *Target based outcomes implementation model* document and in the stakeholder consultation meeting (January 2020) DENR/DCM suggested that because the NT was different and the methods used in southern jurisdictions were ‘*applied in an ad-hoc fashion, rather than contributing to strategic, regional conservation programs*’ (see below).

*Under the conventional model for environmental offsets used in other Australian jurisdictions, the significant residual impact of a project is offset by the proponent protecting or restoring an area of habitat of equivalent value. The value of the offset is **generally calculated using a complex metric to meet a goal of ‘no net loss’ of biodiversity over time. Such offset metrics are typically opaque, require high resolution spatial data of biodiversity attributes, and are based on a paradigm of maintaining biodiversity values associated with relatively small patches of remnant native vegetation.** Under this approach, offsets from individual projects are typically applied in an ad-hoc fashion, rather than contributing to strategic, regional conservation programs. (p.2)*

In the absence of citations to support the above conclusions drawn by NTG, exactly how they were made and whether this is an opinion supported by other people’s work or analysis done by NTG is not apparent because the citation style employed in the document does not allow the claims made or conclusions drawn to be linked to a published source OR be identified as the authors opinion.

There are references cited e.g. Maron et al 2015² and Simmonds et al 2019³ – which appear to provide supporting peer reviewed evidence for the proposed NTG ‘target-based model’. However, the combination of lack of policy elements detail, in particular clear targets, timelines and any reference to baseline data, the ideas presented in these useful documents are not apparent in the NT offsets policy or implementation model. A couple of examples illustrate the problems associated with NTG referring to these documents despite not having your own clear (not-*opaque*) and an alternative policy approach that is not *ad-hoc* and ready to go.

A lack of clarity about counterfactual scenarios and their implications extends well beyond biodiversity offsetting. Without explicit counterfactuals, we don't know if a carbon trade is fair, if an investment through a stewardship scheme is worthwhile, or if a protected area gazettelement is high-priority (Ferraro and Pattanayak, 2006). Interrogation of policy can reveal these assumptions, their consistency (or lack thereof) with other policy goals, and their plausibility. In the case of biodiversity offsets, exposure of assumptions about crediting baselines to scrutiny is crucial to avoid unwittingly offsetting biodiversity to extinction.²

The issue raised by Maron et al (2015)² is an important one, but in the case of the NTG Offsets policy it highlights the need for well designed, evidence-based policy supported by high-quality baseline data and on-going monitoring and reporting programs.

Similarly, citing Simmonds et al (2019)³ to support the biodiversity component of the NTG Offsets Policy Vision is good, as long as you then fully commit to the proposed changes to offset policy; again this is easily illustrated below.

Ecological compensation should always be an option of last resort. In instances where the biodiversity features that are exposed to residual project losses are imperilled and irreplaceable—in other words, they cannot be feasibly improved or recreated—ecological compensation is not acceptable, and losses must be avoided altogether. Where residual losses can be reasonably addressed through compensatory interventions, this target-based framework provides a pathway toward more transparent and effective outcomes. It explicitly links compensatory actions to broader biodiversity targets and clarifies and simplifies the expectations on and requirements of developers. In this regard, it represents a step toward the coordinated planning and integrated actions that will be crucial to stem and reverse biodiversity losses in the face of ongoing development pressures.³

In principle, the target-based biodiversity offsets could be a good approach for the NT. But, for this good potential to be realised, NTG needs to fully explore the extent to which the Simmonds et al (2019) framework is fit-for purpose. To do this NTG first needs to better clarify exactly what offset targets (purposes) the framework is being applied to and put in place a legislative and policy process to support the application of the framework. It needs to be noted that the Simmonds et al (2019) framework is designed for biodiversity offsets and not offsets related to climate change or GHG emissions.

4. What should a policy document contain?

4.1. Key policy elements and principles

Developing and implementing environmental policy related to sustainable development has always been and arguably has become more complicated under Climate Change. The challenges for policy makers are frequently related not to the complexity of knowing what the policy elements are, but having the information, legislative and policy ‘tools’ to design and implement effective policy.

As noted above, we believe the documents provide by NTG in relation to offsets do not constitute a ‘policy’. To assist NTG policy makers to develop a offsets policy and to allow us to objectively assess the NT Offsets Policy Vision we used two key documents: (1) *Environment and Suitability: A Policy Handbook* (Dovers & Hussey, 2013)⁵ and; (2) *Fundamental Principles for Best Practice Biodiversity Offsets* (EDO NSW, 2014).⁶

Dovers & Hussey describe a nationally recognised policy framework with 28 policy elements that typically need to be addressed in developing environmental policy related to sustainability. While acknowledging that each environmental policy needs to be designed to be fit for a specific purpose, the generic nature of the policy elements outlined in this book are well suited to the design of environmental policy related to climate change and offsets and provides a useful generic template for environmental policy development. The 28 policy elements described by Dovers and Hussey (2013)⁵ can be grouped into five (5) broader policy components that need to be developed, assessed, and implemented (*Table 1*). Each of these broad policy components has a series of more specific policy elements which are spelled out in *Appendix 1*.

The EDO NSW document outlined seven (7) fundamental principles that need to be applied to biodiversity offsets (*Table 2*); a detailed explanation of what each of these principles relate to is provided by EDO NSW⁶. In relation to these principles EDO NSW concluded the ‘*None of the offset regimes currently in place throughout Australia address all the fundamental principles outlined above. This is particularly concerning given the current moves towards bilateral agreements allowing federal environmental approvals to be devolved to State or Territory governments.*’⁶

Table 1: Environmental policy framework elements (Dovers & Hussey, 2013)^{5*}

High-level policy framework elements	
1. Problem framing	5. General policy elements (engagement, communication, institutional arrangements)
2. Policy framing	
3. Policy implementation	
4. Policy related monitoring and evaluation	
<ul style="list-style-type: none"> Note: Additional detail on the what is contained in each of these high-level elements is contained in Appendix 1. 	

Table 2: EDO NSW - Best practice principles for biodiversity offsets (EDO NSW, 2014)*

1. Biodiversity offsets must only be used as a last resort and clear limits must be placed on the use of offsets
2. Offsets must be based on sound ecological studies and principles
3. Indirect offsets must be strictly limited
4. Offsetting must achieve benefits in perpetuity
5. Offsets must be based on principles of net gain
6. Offsets must be additional
7. Offset arrangements must be legally enforceable
* Note: principles are intended for biodiversity offsets only. Additional detail is Provided in Appendix 2.

Table 3: Draft NTG policy principles – Offsets policy vision

1. Offsets must contribute positively to relevant Territory environmental targets
2. Offsets will not always be available or appropriate
3. The mitigation hierarchy must be rigorously applied
4. Offsets to be designed to deliver maximum benefit to the Territory
5. Benefits of offsets must be additional and secured
6. Disclosure and transparency is required
7. Participation with communities and stakeholders is critical
8. Offsets must be knowledge-based and design must be responsive

By comparing Tables 2 and 3 and reviewing the EDO NSW (2014) source document, which provided additional details regarding the principles, we were able to assess the quality of the NTG offset principles. Our assessment results and conclusions are shown in *Section 4.2*.

4.2. NTG Draft Offset Policy assessment & Report Card

We used *Table 1*, plus the additional policy elements detail in *Appendix 1* & the Dover & Hussey (2013)⁵ textbook, to assess the substance and detail contained in the draft NT Offsets 'Policy Vision'. Not surprisingly, given the documents do not constitute a 'policy', the two documents assessed did not score well against the 28 recognised policy elements described by Dovers & Hussey (2013)⁵. The results for each of the 5 broad policy framework components in shown *Table 4* and a more detailed breakdown on the elements considered is provided in in *Appendix 1*.

In assessing the NTG offset policy principles, a very important part of the Problem Framing and Policy Framing process, we compared it with the best practice biodiversity offsets policy principles identified by EDO NSW (2014).

In comparing the EDO NSW (2014) principles and the draft NTG Offset guiding principles, we compared *Tables 2* and *3*. We assessed whether the NTG principles had addressed each guiding principle identified by EDO NSW and assigned one of the following results: **YES**, **NO**, **UNCLEAR**. The results are shown in *Table 5*.

Table 4: Overall policy framework report card* – Draft NT Offsets Policy

Policy Framework Elements	Assigned Score	Maximum Score	%	Mark	Responsibility	Mark	
1: Problem Framing	12	35	34	F	NTG/Experts/Stakeholders	HD	85-100%
2: Policy framing	4	15	27	F	NTG/Experts	D	75-84%
3: Implementation	8	30	27	F	NTG	C	60-74%
4: MERI	3	15	20	F	NTG/Experts	P	50-59%
5: General	17	45	38	F	NTG	F	<50%
OVERALL RESULTS	44	140	31	F	NTG		

*The different policy elements assessed for each of the 5 broad policy components is detailed in *Appendix 1*.

Table 5: EDO NSW - Best practice principles for biodiversity offsets (v) stated NT Offset Policy principles. The extent to which the draft NT offsets policy principles /'matched' the EDO best practice principles was addressed is shown.

EDO NSW Best practice biodiversity offsets policy principles
1. Biodiversity offsets must only be used as a last resort and clear limits must be placed on the use of offsets
2. Offsets must be based on sound ecological studies and principles

3. Indirect offsets must be strictly limited
4. Offsetting must achieve benefits in perpetuity
5. Offsets must be based on principles of net gain
6. Offsets must be additional
7. Offset arrangements must be legally enforceable

Addressed in draft Policy Vision		
NO	UNCLEAR	YES

4.3. What do the assessment results tell us about the draft NTG offsets policy?

At the consultation meeting DENR/DCM told us they had ‘been working on climate change related policy, including offsets for a decade.’ Firstly people just smiled and looked at each other at this point. Secondly, NTG has been forced by public pressure and previous comments from ECNT and others on the need to use the climate change related policy documents it drafted circa 2009. In response to this criticism NTG appears to be suggesting it has been ‘using’ these documents for 10 years.

The assessment suggests that, despite having these climate change related policy documents in draft form available for the past 10 years, they have not been extensively used to create the current draft NT Offsets Policy ‘Vision’ documents.

This document pretends to be a broad offsets policy that will consider offsets of all kinds (fire management, vegetation, soils, water) but then proceeds to only focus on biodiversity offsets. The links between and the need at a policy and planning level to separately manage the two offset types – (1) GHG emissions / carbon and (2) biodiversity is not at all clear in the documents.

Long, medium and short-term goals and targets are conspicuously absent for either type of offset (biodiversity & GHG emissions). This is not a surprise for GHG emissions offsets- given the absence of any overarching NTG climate change policy; it surprising for biodiversity – given the amount of biodiversity that has been collected and NRM legislation and policy related to protecting biodiversity.

Recommendation: That NTG note that the assessment results suggest that a large amount of policy and planning work is required before the draft documents can be considered an ‘NT Offsets policy’. Stakeholder engagement and transparency needs to be a key part of this work.

5. Improving the NT Offsets Policy

The following suggestions are made to improve and assist with the development of a NT Offsets Policy.

5.1 Apply accepted policy standards to the creation of new policy

Reference documents that could assist with the development of the NT Offsets Policy and related climate change policy have been identified above. The policy framework described in detail by Dovers and Hussey (2013) and the best Practice Environmental Offset Principles (EDO NSW, 2014) provide two peer reviewed methods which can be applied across jurisdictions and could be used to guide the development of an NT Offsets policy.

Recommendation: Both of these documents (or other peer reviewed and published or publicly available documents) be used to develop an NT Offsets Policy.

Recommendation: Remove language which is vague, subject to interpretation and reduces transparency, accountability and the ability to apply adaptive management approaches over time.

Recommendation: Identify clear, measurable and agreed targets than can be monitored and reported over time via a legislated monitoring and review process.

5.2 Strengthen the policy links to climate change and broader policy implications

It is widely recognised that climate change poses risks to a wide variety of social, economic and environmental values. The NT is not different with respect to the climate change risks posed; something the NTG has acknowledged in its Climate Change Response (2019) Strategy. The NT Offsets Policy has very clear links to the any identified climate change risks and policy responses to these risks. These links are currently poorly made in the draft policy documents and need to be improved.

Recommendation: Ensure that any goals, aims and targets clearly stated, evidence based, time bound and measurable and are consistent across related policy documents and related legislation e.g. environmental protection and development approval legislation and policy.

It is not clear in the Draft Offsets Policy documents whether the need for NTG and a proponent (developer) will need to assess the need and details of 'offsets' only apply when a referral to the NT EPA under the EPBC Act is triggered. If this is the proposed approach / model that NTG is proposing it is unacceptable on a variety of grounds. The basic questions related to **What** are offsets? **Why** does the NT need offsets? **When** offsets need to be considered and applied? **What** constitutes acceptable offsets? and **How** NTG plans to apply and regulate offsets? need to be much more clearly explained than has occurred in the draft offset policy documents to date.

Recommendation: The following questions need to be addressed by NTG in the development of a Offsets Policy: What are offsets? Why does the NT need offsets? When offsets need to be considered and applied? What constitutes acceptable offsets? and How NTG plans to apply and regulate offsets?

5.3 Link to the Offsets Policy to the broader social, economic and environmental challenges and opportunities.

Recent publications and reports have identified that a well-designed and integrated climate change response can not only allow the NT to contribute to international and national targets climate change, but reduce NT risks and facilitate adaptation.

Two which are particularly relevant to the Draft NT Offsets Policy are: *The 10 Gigawatt Vision: How Renewable energy can power jobs and investment in the Northern Territory* (Beyond Zero Emissions, 2019); and *Superpower: Australia's Low-Carbon Opportunity* (Garnaut, 2019). In this submission, with the focus on offsets, we concentrated on key messages contained in *Superpower*.

5.3.1: Beyond biodiversity offsets

Ross Garnaut, in *Superpower* (2019)⁴, stated the following which is relevant to the NT and any NTG climate change policy, such as an offsets policy.

'The per capita area of forest or woodland in Australia is greater than 5x the world average and greater than 3x the OECD average.'

'The clear point to emerge is that the potential is immense, and that large investment in research is warranted.'

This gives Australia a huge competitive advantage with respect to carbon sequestration opportunities. Northern Australia, WA, NT, QLD, have a huge amount of forests and woodlands.

Garnaut goes on to say:

'NT and northern Australia has enough forest and woodland, as well as vast very sparsely populated lands – mainly Aboriginal and pastoral land, that could be large players in a carbon offsets market – fire management, soil, water, biomass sequestration of carbon.'

The WALFA project made the world's first use of financial incentives to increase the carbon stock through timely savannah burning. Recent studies suggest about 7 million tonnes per annum potential carbon emissions reductions.

'Australia [could] emerge as a major exporter of carbon credits from the management of land and vegetation, alongside rapid reduction of domestic emissions from combustion of fossil carbon.'

'Arid and semi-arid rangelands make up about 70 per cent of Australia's landmass, or around 5.5 million is mostly grazed by cattle and sheep currently contributing little economic value.'

'Careful management of our land in general and our vast semi-arid regions in particular will unlock a rich resource for biosequestration.'

There is little evidence in the draft Offsets Policy, that these bigger picture, long-term, opportunities have been considered or evaluated by NTG. The results and the discussion above suggests, the NT Offsets Policy has failed to recognise and incorporate the potential for large scale, sustainable and long-term - social, economic and environmental benefits for the NT.

The current focus by NTG on biodiversity offsets does not address climate change related risks and as such will not avoid, mitigate or successfully offset (in a like for like fashion) the likely impacts from proposed future land use e.g. Fracking.

6. References

1. Beyond Zero Emissions. *The 10 Gigawatt Vision: How Renewable energy can power jobs and investment in the Northern Territory*. 62 (2019).
2. Maron, M., Bull, J. W., Evans, M. C. & Gordon, A. Locking in loss: Baselines of decline in Australian biodiversity offset policies. *Biol. Conserv.* **192**, 504–512 (2015).
3. Simmonds, J. S. & et al - 17 authors - 2 Australian. Moving from biodiversity offsets to a target-based approach for ecological compensation. *Conserv. Lett.* 11 (2019).
4. Garnaut, R. *Superpower: Australia's Low-Carbon Opportunity*. (La Trobe University Press, 2019).
5. Dovers, S. & Hussey, K. *Environment & Sustainability: A policy handbook*. (The Federation press, 2013).
6. Walmsey, R., Kessler, M. & Hallinan, J. *Fundamental Principles for Best Practice Biodiversity Offsets*. 7 (EDO NSW, 2014).

Appendix 1: Raw Scores and marks (v) 28 policy elements*

	Score (X/5)	High-level element score (%)	Mark Assigned
Problem-framing		Problem-framing score (%)	F
		34	
1. Discussion & ID economic, social & environmental goals	2		
2. Identify and monitor stakeholder concern	2		
3. M&E of environmental impacts	1		
4. ID problematic env or social change	1		
5. Risk assessment, uncertainty, ignorance	2		
6. Assess policy and institutional settings	2		
7. Define policy problems	2		
Policy-framing		Policy-framing score (%)	F
8. Develop policy principles	2	27	
9. Construction of general policy statement (intent)	2		
10. Define measurable goals	0		
Policy implementation		Policy implementation score (%)	F
11. Select policy instruments	2	27	
12. Planning for implementation	1		
13. Planning for communication	2		
14. Provide statutory, institutional and resourcing requirements	1		
15. Establish enforcement / compliance mechanisms	2		
16. Establish policy M&E mechanisms	0		
Policy M&E		Policy M&E score (%)	F
17. Ongoing policy monitoring and data capture	1	20	
18. Mandated evaluation and review process	0		
19. Extension, adaptation OR stop policy OR change goals	2		
General Policy Elements		General Policy score (%)	F
Policy processes		38	
20. Policy coordination and integration	2		
21. Stakeholder engagement	3		
22. Transparency & accountability	1		
Communication plan			
23. Institutional arrangements	2		
24. Persistence over time	2		
25. Purposefulness via mandate and goals	1		
26. Data / information collection and ownership	2		
27. Inclusiveness in policy formulation, implementation and review	2		
28. Flexibility, through evaluation and learning	2		
Overall score (X/100)(%)	44	Total Score (%)	F
Max score	140	31	

*Policy elements identified by Dovers & Hussey (2013)⁵

Appendix 2 : Best practice principles for environmental offsets (EDO NSW, 2014)⁶

The Fundamental Principles of Best Practice Biodiversity Offsets can be found @:

[https://www.nela.org.au/NELA/Documents/Fundamental Principles for Best Practice Biodiversity Offsets.pdf](https://www.nela.org.au/NELA/Documents/Fundamental_Principles_for_Best_Practice_Biodiversity_Offsets.pdf)

Below is a summary of the Fundamental Principles. All of the text below is from the document listed above.

Fundamental Principles

1. Biodiversity offsets must only be used as a last resort and clear limits must be placed on the use of offsets.

Before offsetting is considered as an option, every effort should be made to avoid and then mitigate the impacts of the proposal on biodiversity. This mitigation hierarchy should be clearly set out in relevant legislation as a mandatory pre-condition before any offsetting option is considered. Appropriate guidance should be provided to proponents on how they can demonstrate their endeavours to genuinely avoid and mitigate aspects of the proposed development.

2. Offsets must be based on sound ecological studies and principles.

Scientific reviews of offsetting note serious concerns as to whether biodiversity offsetting is actually possible given the unique nature and complexity of biological systems. Offset regimes assume biodiversity is compressible, i.e. individuals of certain species can move into existing habitat areas, as well as portable, i.e. habitats can be re-created everywhere.

At the very least, any ecologically credible offset scheme must enshrine the requirement of like-for-like offsets.

3. Indirect offsets must be strictly limited

There should be extremely minimal use of indirect offsets or supplementary measures under any offset scheme. This is due to significant uncertainty of linkages with impacts, and higher risk that biodiversity outcomes may not be achieved. Indirect offsets allow the use of related activities, such as research, in place of directly offsetting the biodiversity loss.

Four key concerns regarding the use of indirect offsets are:

1. It is very difficult, if not impossible, to measure the environmental gains when the results of indirect offsets are balanced against the losses occasioned by a development.
2. The relationship between many types of indirect offsets and the environmental gain sought to be achieved is dependent on many contingent and uncertain factors.
3. Effective offsets must be additional to activities that would have been undertaken in the normal course of events. It is difficult to demonstrate that indirect offsets comprise the requisite degree of additionality.
4. The use of indirect offsets contradicts the principle of 'like-for-like' offsetting that should be a fundamental component of any offset strategy.

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An offset area must be legally protected and managed in perpetuity, as the impact of the development is permanent. Offset areas should not be amenable to being offset again in the future.

5. Offsets must be based on principles of net gain

Relevant legislation must require any offset scheme to maintain or improve environmental outcomes, instead of simply requiring 'no net loss' or 'maintaining viability'. Preferably, the requirement would be to enhance environmental outcomes. This acknowledges current trajectories of biodiversity loss, and that positive action is required to halt and reverse the trend.

Not all offsetting schemes employ assessment methodologies, with the result that it can be unclear upon what criteria offset sites are selected and management actions determined. Where a methodology does exist, it is essential that it is applied consistently and accurately, by people who are trained in the use of the methodology.

6. Offsets must be additional

Any offset action must be additional to what is already required by law. The requirement of 'additionality' must be based on clear criteria to ensure that offsets are not approved unless they provide a conservation benefit additional to what would otherwise occur.

7. Offset arrangements must be legally enforceable

Any offset scheme must be underpinned by strong enforcement and compliance mechanisms in legislation, with adequate resourcing, established from the outset.

It has been noted that the effectiveness of offset regimes is undermined by non-compliance and lack of enforcement of offset conditions.

Also of concern is the emergence of the principle of 'discounting' in NSW. The principle allows for offsets to be discounted where significant social and economic benefits accrue to NSW as a consequence of the proposal. This principle potentially allows environmental concerns to be overridden by socio-economic considerations.

[ECNT comment - This concern may also be relevant where 'co-benefits' are included in the offset process. This is being explored in QLD and potentially in the NT.]

Last year the Productivity Commission stated that "a dedicated and independent review of offset arrangements is warranted to examine offset policy objectives, the quantitative methodologies used to identify suitable offsets, the merits of offset markets and the case for establishing a single, national offsets framework". To date, there have been no moves towards undertaking such a review. However, a review of this kind would be an important first step in developing a best practice national standard upon which State and Territory offsets legislation could be based. Until such a standard is in place, accreditation of State standards should not occur.