

# Offsets

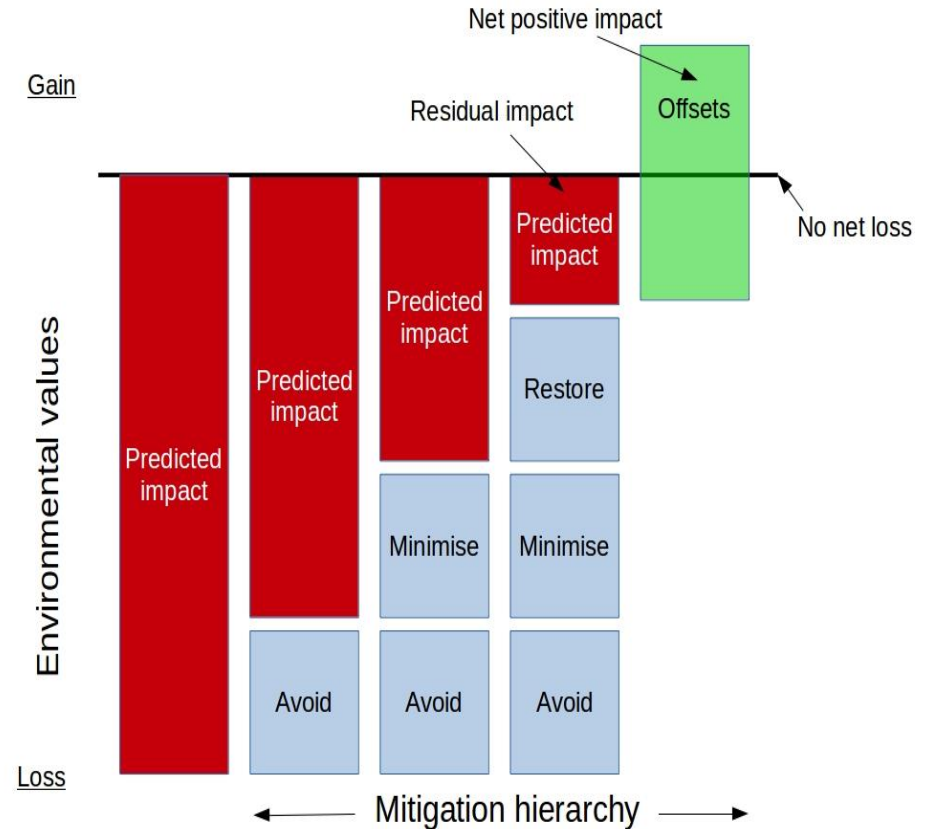
Deploying offsets: Indigenous interests

# Outline

- Background
  - what are offsets?
  - offsets in the NT
  - NAILSMA's work, TNC and Development by Design (DbD)
- relevance of DbD Project
  - issues for high quality offsets
  - intersection with Indigenous interests
- Propositions for restoring offsets
  - to suit Territory conditions
  - to promote Indigenous participation and benefit

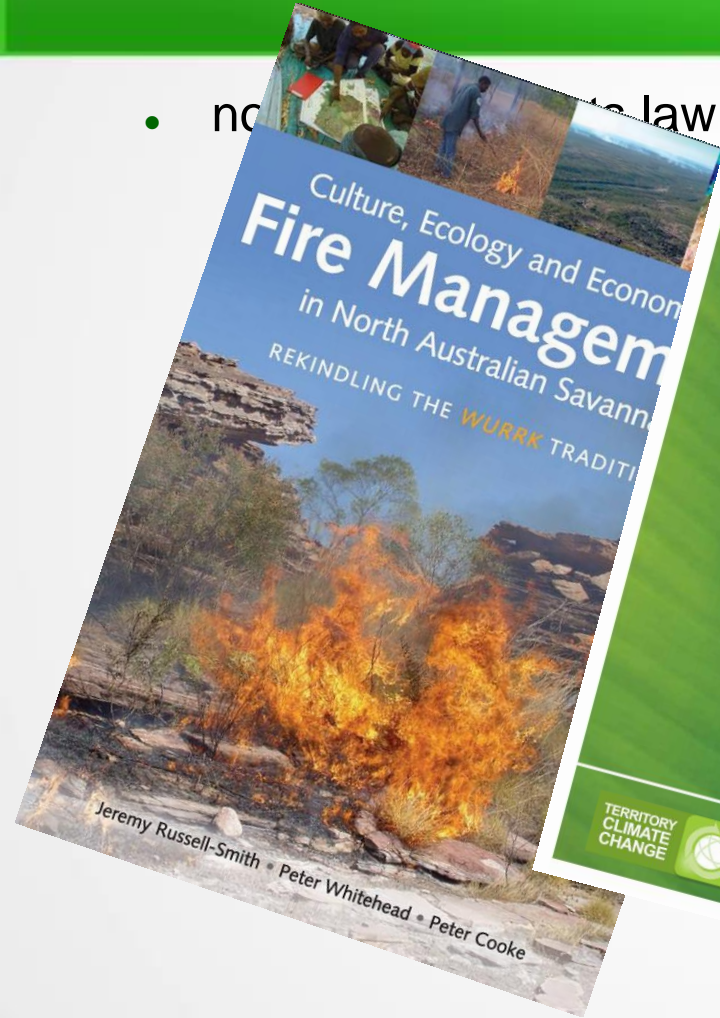
# Offsets

- Actions generating environmental benefits to compensate for unavoidable development impacts
- Last element of the mitigation hierarchy
  - avoid; minimise; restore; (offset)
- Condition of development approval



# Offsets in the NT

- no ... law



The image shows the cover of a document titled 'Draft Northern Territory Environmental Offsets Policy'. The cover is white with a green header and footer. The Northern Territory Government logo is in the top left corner. The title is in green text. Below the title, it says 'Fostering environmental conservation through sustainable development'. The date 'October 2010' is centered. At the bottom, it says 'www.greeningnt.nt.gov.au'.

greening the Territory  
A Territory Government Initiative

**Draft Northern Territory  
Environmental Offsets Policy**

Fostering environmental conservation through  
sustainable development

October 2010

www.greeningnt.nt.gov.au

# Offsets in the NT

- no Territory offsets law
  - experience with voluntary offsets, notably ConocoPhillips (WALFA)
  - carbon offset targets in climate change policy in 2009; draft offsets policy in 2010; both shelved 2012 by Giles government
  - nothing since;
    - fall-back to federal policy, which focuses on matters often of limited interest to locals
  - Gunner government reviewing environmental law, indicating interest in restoring offsets
- perpetuating gap means inferior environmental outcomes in the Territory
  - unless standards of environmental assessment and regulatory rigour are more stringent than elsewhere
  - no evidence of better standards
- offsets must be restored on these grounds alone

# Offsets and DbD

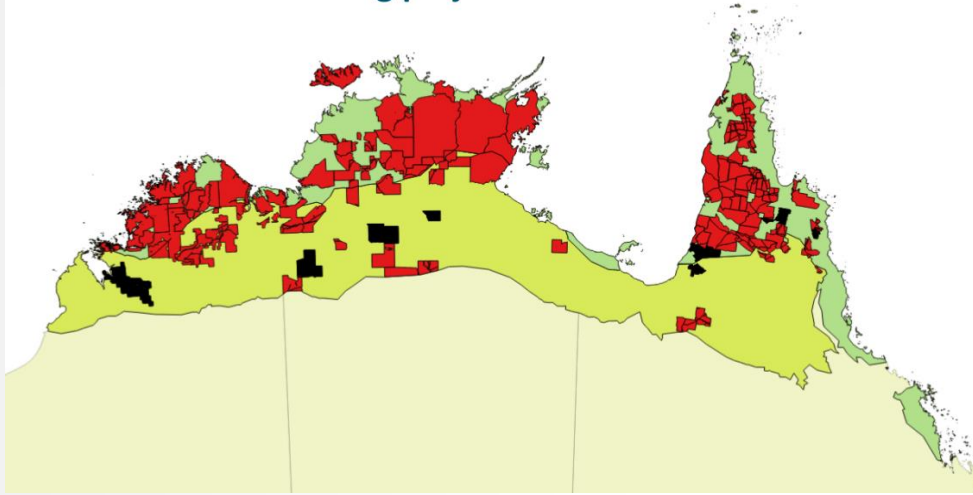
- NAILSMA and TNC collaborating to:
  - review ... policy, practices and opportunities for offsets benefiting Aboriginal people
  - engage with government and other stakeholders
  - develop a draft NT environmental offsets framework fit for current and emerging opportunities
- DbD is a development planning process to:
  - integrate development planning and impact mitigation, aiming for “no net loss”
  - design and locate offsets to match broader, landscape-scale conservation priorities

# Offsets and DbD

- DbD suits the Territory because:
  - key pressures on environments are widespread and require broad-scale responses
  - large areas requiring repair
  - Aboriginal people are well placed to deliver offsets:
    - through ownership of large areas of land and seas
    - permanent attachment to customary lands
    - associated cultural obligations to care for lands and seas
    - proven interest and capability

# savanna fire (carbon) projects

Current savanna burning projects



Current savanna burning projects credited

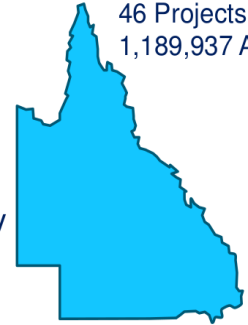
Western Australia  
13 Projects  
778,281 ACCUs



Northern Territory  
27 Projects  
2,141,627 ACCUs



Queensland  
46 Projects  
1,189,937 ACCUs



4,109,845 ACCUs issued for 84 projects



# Issues for offset policy

- DbD's goal of wider conservation gains from offsets doesn't create any entirely new challenges
- Key issues include:
  - Scope: what sorts of values and impacts can or should be offset?
  - "Additionality" (new contribution)
  - Equivalence of offset gains to project impacts (like-for-like vs related)
    - noting that exact matches are likely to be elusive
  - "Currency" and mitigation ratios
  - Location of the offset relative to the impact site
  - Timing of project impacts vs offset benefits
  - Offset duration and ongoing management

# Offset issues - Scope

- in theory could cover any biophysical value influencing landscape health
  - the field is wide open because Territory law is silent or vague about basic environmental obligations
  - few situations in which a positive environmental action is obligatory
- in practice offset schemes have tended to focus on carbon and elements of biodiversity not subject to direct commercial use
  - perhaps because these are least likely to tangle with other resource management law (e.g. allocation regimes)
- Territory should legislate for potential to cover any significant value, but start with carbon and biodiversity
  - work with federal carbon policy, focusing on supportive policy, such as clarifying property rights in carbon

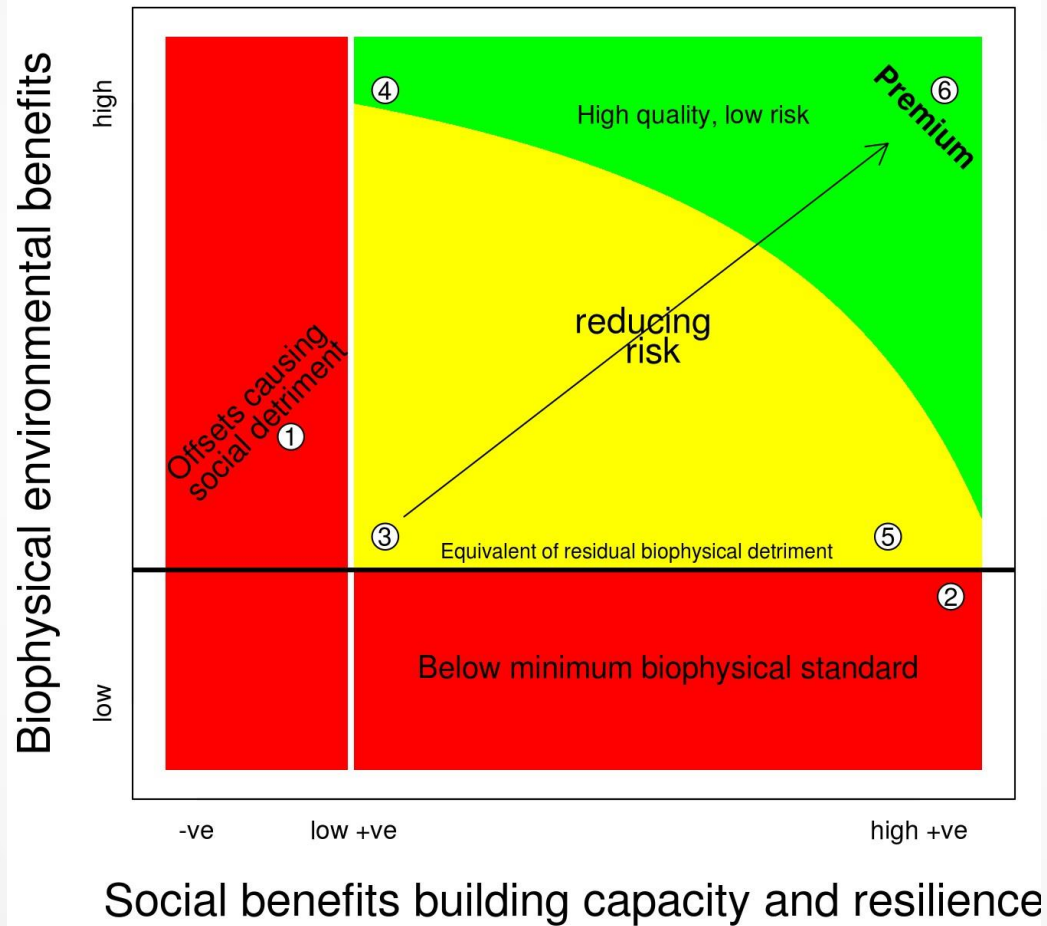
# Offset issues - Additionality

- “Additionality” (new contribution)
  - purposeful actions not required under other law or policy
  - new activity not already being paid for or done for some other reason
  - related criteria
    - delivering public (not just private) benefit
    - at measurable cost to landholder (including rights forgone)

# Offset issues - Equivalence

- for no net loss, similar biophysical benefits at least as big as impacts
- some schemes aspire to precise like-for-like
  - but hard (impossible?) to demonstrate in practice, particularly in poorly known environments
  - absolute commitment to like-for-like limits scale of potential offset benefits
  - ambiguity about equivalence increases as move further from precise like-for-like
- achieving equivalence despite uncertainty
  - multiple of area and/or phenomena affected
  - prefer actions that restore impacted values and improve other biophysical values
  - address chronic pressures on landscapes in tandem with specific offset goals
  - position offsets within wider favourable management regime
- stick to biophysical equivalence
  - don't muddle biophysical equivalence with social benefits
  - must consider social benefits as well, but after biophysical equivalence has been settled

# optimising offset quality and security



# Offset issues - Equivalence

- social benefits: from employment, local enterprise, income that re-circulates within communities
- links to social benefits facilitate achievement of biophysical equivalence
  - match to community socio-economic and cultural goals enhances local commitment
  - social cohesion in provider communities reduces risk
  - a resilient community is better placed to guarantee long-term protection
- embed offsets in favourable biophysical and social environments
  - as identified through the DbD planning process

# Offset issues - Location

- Location of the offset relative to the impact site
  - ideally close because nearby sites will be more alike
    - but too close may get “spillover” effects
  - preferably on lands owned or managed by the group who own the development site
    - those suffering the detriment should design and deliver the offset and get the related socio-economic benefits

# Offset issues – Timing and duration

- Timing of project impacts vs offset benefits
  - impact/detriment is often immediate
  - but benefits from offset actions may take years or decades
- Offset duration and ongoing management
  - offsets must be funded long enough to catch up and pass detriment
  - might take longer than the life of the development
    - component of rehabilitation bonds?



# Offset issues – Currency and mitigation ratios



# Offset issues – Currency and mitigation ratios

- “Currency”
  - statements of residual detriment (unavoidable impacts) should determine “currency” for measuring performance
    - described and quantified through EIA
    - EIA must be improved to recognise values important to Aboriginal people
  - direct performance measures may be difficult or expensive or long lag times for measurable responses
    - surrogates unavoidable for all or part of an offset period
      - preferably based on relevant changes on landscapes, not just activity
      - activity measures may be needed to demonstrate compliance with offset conditions
    - choice of surrogates based on best available information and analysis
- Mitigation ratios
  - actions over multiples of area or targets set at multiples of other losses
  - always delays and uncertainty so usually exceed 1.0
  - larger multiple when uncertainty is higher
    - important that estimates of impact are accompanied by statements of confidence in estimates and
    - when indirect measures of performance are used

# Currency, mitigation ratios and price

- how much should developers pay?
  - where a \$ value for impacted attribute(s) can be estimated, at least that value
  - where there is a market, prevailing prices (e.g. carbon)
  - where there is no established price, costs plus a reasonable margin
    - some experienced providers can make good estimates of costs to carry out actions specified in offsets (e.g. threatened species recovery)
    - in general should be negotiated between provider and developer
    - arguably sufficient information now for rules of thumb
    - accrue better information through time
- avoid prescribing complex synthetic metrics for comparing offset and impacted sites
  - don't divert effort to measuring over doing
  - actions count more

# Indigenous interests and offsets

- Indigenous landowners and managers are already the Territory's most active and effective providers of offsets
- IPAs and similar programs:
  - have promoted awareness of public goals
  - provided a framework and capacity among landowners and managers to deliver public goals
- security of offsets fostered by permanent commitment to sites, compatibility with customary obligations
- lands and people are presently under-utilised for delivering public benefits
- offsets generate economic activity and employment in remote areas where there are no or few other options
- social benefits are substantial and growing
  - prevailing orthodox industries source most inputs from outside regions in which developments are sited
  - offsets in contrast direct economic activity to remote settings
- cultural benefits accrue from improved capacity (resources and skills) to protect values
- social and cultural benefits reinforce local commitment and hence security of offsets

# Why lead environmental reform with offsets?

- can be implemented quickly by policy guidance to regulators
  - new law is desirable but can come later
- experience with offsets can help drive other key environmental policy objectives
  - better engagement with Indigenous landowners on assessments
  - recognition of Indigenous values
  - application of Indigenous knowledge
- timely contribution to Indigenous business development and social objectives (Closing the Gap)
- offset experience will help get new law right

# Propositions

- 1) offsets are essential to avoid inferior environmental outcomes in the Territory
- 2) obligation to offset for no net loss should be legislated with wide scope
- 3) start immediately through policy statement covering initially biodiversity and carbon
- 4) match practice and performance to the Territory situation
  - nature and scale of Territory environmental issues
  - to interests and values of local landowners and managers, including native title holders
- 5) promote active rather than passive offsets
  - to maintain management inputs
  - to maximise biophysical, social and cultural benefits
- 6) manage landscape context to improve security and robustness of offset sites
  - links to regional land use plans and conservation strategies through the DbD process
- 7) build on interest, commitment and capability accrued through carbon and other initiatives
- 8) use experience with offsets to assert Indigenous values, interests and benefits in EIA and environmental management generally

END

# Offsets in context

