NCMRR Offsets Submission

Submission to WA Auditor General

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By email: jacqueline.lahne@landcarewa.org.au

To the Auditor General's Office (WA)

RE: Auditor General request for feedback into ENVIRONMENTAL OFFSETS

About us

Nature Conservation Margaret River Region (**Nature Conservation**) is the peak non-profit community-based environmental organisation working on the key environmental challenges facing the southwest of Western Australia. Nature Conservation has more than 3000 local supporters (including members, donors, active volunteers, businesses and project partners/participants). We advocate for best practice environmental land use and management for the natural environment in our region.

Thank you for the opportunity to comment on the use of environmental offsets in WA. In preparing this submission, we sought insights from the local community and our network of colleagues, and we considered our own experience with offsets and our potential future involvement with offsets.

Our recommendations and concerns are set out below.

Executive summary

As a local catchment group that has been in continuous operation since 2001,Nature Conservation provides this submission based on over two decades of localised environmental data and practical on-ground experience. We have observed a concerning disconnect between the theoretical approval of environmental offsets and their practical, long-term ecological success. In our view, the current regulatory system often treats offsets as an administrative exercise rather than a robust mechanism for ensuring no net loss of biodiversity.

We believe that for the system to function effectively, there must be a fundamental shift toward integrated bioregional planning, long-term stewardship involving organisations with established community trust in environmental matters, and the use of assured, non-discretionary funding structures. Offsets should very much be used as a last resort, and the stringent application of conditions associated with offsets designed to ensure successful outcome should be sufficiently realistic as to deter their use as a 'go to' solution.

Local experience and planning concerns

Our direct experience with major local developments, most recently the Smiths Beach development, suggests that the Environmental Protection Authority (EPA) turns to offsets as a solution far too readily. We believe the proposed offsets in such cases provide very little certainty of actually being achieved, leading us to conclude that there will ultimately be a net loss to the environment if the current EPA decision is accepted. These concerns form the basis

of our current appeal against the Smiths Beach Development, an appeal that is yet to be determined but highlights a critical lack of confidence in the current framework.

We also see offsets as failing to replicate the specific genetics of localised ecosystem populations once they are cleared, meaning the biodiversity lost is often gone forever regardless of the offset. This is caused by a proximity issue, where the offset land may be some distance from the cleared land. In addition, clearing of vegetation causes fragmentation of the existing landscape, and offsets located away from the development site cannot solve this localised problem.

Key regulatory and technical challenges

The regulation of offsets currently suffers from systemic gaps, particularly regarding inadequate funding, the exclusion of land with existing conservation value, the failure of conservation covenants to work well together with offsets, and a lack of coordinated bioregional planning.

Offsets only work over a very long period of time, usually 20 – 50 years. This requires significant long-term funding and commitment, which we consider proponents can rarely offer. We believe there is an 'on ground' estimate that at least 10% of a project's value should be reinvested into these vital environmental safeguards, however we doubt whether this amount is ever secured for offsets. We take the view that proponents should not be tasked with management of offsets due to the lack of real care and commitment and inability to manage long term risks, including the risk of going into administration. To ensure the integrity of the offset system, proponents should be required to set up an independent trust for funding rehabilitation over the long term, which would mitigate the risk of proponents going into administration.

Proponents should also be required to put in place an arms' length managing body that is independent, has appropriate expertise, and is able to undertake the long term commitment of caring for the land. Current offsets rehabilitation targets may be too high to be realistic in the face of climate change, where the increasing risks of drought and fire make the successful replication of cleared ecosystems highly unlikely in the southwest. Rehabilitation efforts over the long term require adaptive management and this can only be properly achieved by organisations that have a history of caring for the local environment and are provided with the resources to do so properly for the long term. This would also create higher levels of trust and certainty that successful outcomes can be achieved.

In our view there is an issue regarding "double dipping" on land proposed for offsets. The current system discourages nominating land for offsets that already possesses some form of conservation value, on the basis that it fails to provide the true additionality required to compensate for habitat loss. However, to our understanding there is value in preserving and improving land that already has some conservation value and is not completely degraded. We believe that successful outcomes for nature are more likely on such land areas. It is also consistent with the philosophy of ecological priority conservation, or the 'best first' principle.

Conservation covenants are another tool that could be used to work well with offsets. However, at present our understanding is that covenants are limited in their application to areas of high value land whereas offsets are limited to areas of low value land. This disconnect should be addressed to allow the two tools to be used together for the long term legal preservation of conservation areas.

These issues are also exacerbated by a lack of coordination with Federal environmental approaches. We advocate for a bioregional planning model that aligns state and federal goals, ensuring that offsets contribute to broad ecological networks rather than creating isolated and unsustainable islands of vegetation. The new bioregional planning proposed under the EPBC Act should be integrated with the use of offsets in WA.

The role of local NGOs in offset management

Local catchment groups are uniquely positioned to manage offsets more effectively than developers or short-term consultants because we are permanent fixtures in the landscape. Unlike developers who may wish to exit a project once an offset is signed off, we are better suited for the 20- to 50-year monitoring timelines required for true ecological restoration. Our involvement also comes with the trust of the local community which is of paramount importance to us. However, for us to engage properly is offsets management, we would need a number of factors to be in place, including:

- The offset must be very likely to be successful at ensuring a net gain for biodiversity in the region,
- The offset must be used as a last resort with all other possible measures being taken,
- A requirement for long-term assured funding pathways,
- A requirement allowing for adaptive management, including provision for risk management, and
- Simplified reporting requirements and/or direct access to technical expertise to manage complex monitoring data.

Recommendations for reform

Nature Conservation's two decades of on-ground experience in Western Australia lead us to conclude that the current environmental offset framework is failing to deliver genuine ecological outcomes. To move beyond an administrative "tick-box" exercise and toward a system that ensures no net loss of biodiversity, we recommend the following structural and regulatory reforms:

1. Shift toward bioregional and strategic planning

   The EPA must move away from treating offsets as a default solution and instead apply them strictly as a last resort. We advocate for a bioregional planning model that integrates State requirements with the proposed Federal EPBC Act reforms. This approach would prioritize the creation of interconnected ecological networks over the current practice of approving isolated, unsustainable "islands" of vegetation that fail to replicate the complex genetics and connectivity of the cleared land.

2. Secure long-term financial support

   To mitigate the risk of proponents going into administration or abandoning long-term commitments, the State should require the establishment of independent, non-discretionary conservation trusts. Trusts should be established from the outset with sufficient funds to provide the 20- to 50-year funding security necessary for successful restoration and adaptive management.

3. Empower local stewardship and management

   Offset management should be transitioned away from developers and toward 'arms-length' independent bodies or established local NGOs. Groups like ours possess the permanent presence, community trust, and localised data required for long-term monitoring. For this to be effective, the regulatory framework must be established to use offsets sparingly, drive net gains in biodiversity with certainty, and provide all necessary resources to allow local experts to focus on ecological outcomes.

4. Integrate and modernise conservation tools

   The current disconnect between conservation covenants and offset requirements must be resolved to allow these tools to work in tandem. Furthermore, the system should allow for a 'best first' principle, recognizing the high value in preserving and improving land that already possesses some conservation value. Starting with land that is not completely degraded offers a far higher probability of success and aligns with a philosophy of proactive ecological priority.

By implementing these reforms, the Auditor General can begin creating an environmental offsets transition from a source of community scepticism to a verifiable, long-term investment in Western Australia's unique biodiversity.

Regards,

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