

Environment and Communications Legislation
Answers to questions on notice
Climate Change, Energy, the Environment and Water Portfolio

Inquiry: Nature Repair Market Bill 2023 and Nature Repair Market (Consequential Amendments) Bill 2023 [Provisions]

Question No: IQ23-000192

Hearing Date: 30 June 2023

Division/Agency: Environmental Permitting and Compliance Division

Topic: Offset project audit

Hansard Page: 53-55

Question Date: 30 June 2023

Question Type: Spoken

Senator Hanson-Young asked:

Senator HANSON-YOUNG: Thank you. Firstly, I'd just like to ask: in relation to the audit of existing offset projects announced by the minister yesterday, when did the department become aware that there would be an audit?

Mr Tregurtha: We don't have the people from the audit area here with us today, so I'll try and do my best to get some feedback on that and come back to you later in today's hearing. Otherwise we'd have to take that on notice.

...

Senator HANSON-YOUNG: Alright. Let's see what answers you can give me. I want to know when the department first became aware. Surely the secretary must be able to answer this. When did the department first become aware that the minister wanted an audit?

Ms O'Connell: I'm deputy secretary, and I don't have that answer. As my colleague said, we don't have the compliance people in the department here with us who are doing that. We will find out though.

...

Senator HANSON-YOUNG: Why isn't there a terms of reference or a time frame attached to the minister's announcement?

Mr Tregurtha: Again, our compliance and enforcement colleagues are not at this hearing. I'd be happy to take that on notice and come back to you.

...

Senator HANSON-YOUNG: So you can't tell me when the department was first directed to do this. We don't know what the terms of reference are. We don't know what the time frame is. You can't tell me the exact people that are doing the administration of it. Do we know what the aim of this is; what is the objective of this audit?

CHAIR: Senator Hanson-Young, I wonder if we would just recognise that we didn't call that area of the department for this particular hearing. Maybe we could have a hearing and call them? But those people are not in the room to give the detail. If it's an existing function, then you don't need a terms of reference.

Senator HANSON-YOUNG: Mr Tregurtha just said that he would try and get some answers for me, so I'm saying these are the questions we've got.

Mr Tregurtha: As I said, I was happy to take on notice when the department first developed the audit functions. The questions you've just asked go to far more detail. As the chair has noted, it will be difficult for us to provide that degree of information before the end of today's hearing. We will do our best. I have someone working on it now. But, as I said, we will get you what we can today.

Senator HANSON-YOUNG: Okay. While they're listening, let me just finish the list of questions I've got, and we'll see how we go. What's the time frame? What are the expected findings? What's the objective? What's the budget for this? Will it all be made public? What are the

transparency measures? Who exactly will be conducting it—as in, which personnel within the department?

Mr Tregurtha: I think I've already answered that question. Our Compliance and Enforcement branch will be conducting the audit as part of our permitting, licensing and compliance division.

Senator HANSON-YOUNG: Yes, I'm asking who—

Mr Tregurtha: The names of the executives of those divisions are available on our website.

Senator HANSON-YOUNG: But surely they're not all going to be doing it. I'd like to know who's leading this audit so that next time, when I have specific questions, I can call the specific person.

Mr Tregurtha: Certainly. We'll come back to you on that.

Senator HANSON-YOUNG: Thank you. What will each audit entail? When will the audits be completed? Will the findings of the audit be made public and when? How will the findings of the audit be used? If you can get some of those answers or take them on notice, that would be very helpful.

Mr Tregurtha: Absolutely.

Answer:

When did the department become aware that there would be an audit?

1. Audits of EPBC approvals and offset conditions have been frequently used as part of the department's routine compliance and assurance activities. Strengthening compliance and enforcement under the EPBC Act was identified in the government's Nature Positive Plan, and the Minister's announcement related to a comprehensive compliance audit program which will undertake audits of all EPBC approvals, including all offset conditions.

When did the department first become aware that the minister wanted an audit?

2. As above.

Why isn't there a terms of reference or a time frame attached to the minister's announcement?

3. The compliance audit program is being undertaken by the department's Environmental Audit Section, within the Compliance and Enforcement Branch. A time frame has not been provided as the audit program will be an iterative and ongoing program, as new projects are approved under the EPBC Act they will also be included in the audit program.

Do we know what the aim of this is; what is the objective of this audit?

4. To review compliance with all EPBC approvals and conditions, including offset requirements.

What's the time frame?

5. As above, the audit program will be an iterative and ongoing program, as new projects are approved under the EPBC Act they will also be included in the audit program.

What are the expected findings?

6. Audit findings may identify non-compliance with EPBC approval conditions, and areas for improvement in the regulatory program.

What's the objective?

7. To review compliance with all EPBC approvals and conditions, including offset requirements.

What's the budget for this?

8. Audits of EPBC approvals and conditions are an established compliance and assurance function within the department. Additional funding was received under the 2022–23 budget measure 'maintain timely environmental assessments and approvals under the EPBC Act', which has enabled the department to increase resourcing to a standalone Environmental Audit Section. An additional 20 FTE ongoing positions were made available to support the full audit of EPBC approvals and offset conditions.

Will it all be made public?

9. High-level findings, including which approvals were audited and the audit outcomes will be made available. Non-compliance identified in the report may be subject to further investigation, the results of which will be made available following the completion of the investigation.

What are the transparency measures?

10. In addition to the information that will be available from the compliance audit program, the department is improving transparency of environmental offset information. This year, the department is releasing in stages a publicly available Offsets Register as part of the EPBC Public Portal. The Offsets Register will provide members of the public details of offset sites and what they protect.

Who exactly will be conducting it—as in, which personnel within the department?

11. The department's Environmental Audit Section is undertaking the audit program, within the Compliance and Enforcement Branch.

What will each audit entail?

12. Each audit will review compliance with EPBC approval conditions, including offset requirements.

When will the audits be completed?

13. The audit program is ongoing. The department expects to complete the program's reference audits by the end of the calendar year, which will inform the prioritisation and timeline of auditing all EPBC approvals and conditions.

Will the findings of the audit be made public and when?

14. High-level findings, including which approvals were audited and the audit outcomes will be made available. Non-compliance identified in the report may be subject to further investigation, the results of which will be made available following the completion of the investigation.

How will the findings of the audit be used?

15. Audit findings are used to determine the effectiveness of the regulatory program. Non-compliance identified during the audit process will be managed by the Compliance and Enforcement Branch for appropriate response.

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Inquiry: Nature Repair Market Bill 2023 and Nature Repair Market (Consequential Amendments) Bill 2023 [Provisions]

Question No: IQ23-000193

Hearing Date: 30 June 2023

Division/Agency: Finance Division

Topic: Contracts with PwC

Hansard Page: 55

Question Date: 30 June 2023

Question Type: Spoken

Senator Hanson-Young asked:

Senator HANSON-YOUNG: In relation to the PricewaterhouseCoopers report, when did the department first become aware of such a report being created?

Ms O'Connell: I think I've given evidence of this at estimates hearings before. This is not a report that the department has commissioned or paid for. PricewaterhouseCoopers said that they were planning to do a piece on thought leadership in nature and nature repair and to look at the demand side. It was about the middle of last year that they put that to me. And I said that I thought that seemed a useful thing to do, but we did not commission it. They put the proposition to us that they would do a thought leadership piece in relation to nature.

Senator HANSON-YOUNG: Who was the principal you spoke to?

Ms O'Connell: Neil Plumridge.

Senator HANSON-YOUNG: At what point did you get some detail on this report? What I'm trying to understand is: from that conversation to when the report was released, did you get anything in between? Was there any communication in between?

Ms O'Connell: We got the final report under embargo as a final report, because essentially it is their report. We're not commissioning it. We're not involved in it. It is their report. They delivered the report to us as a finished report under embargo with about 24 hours before the public release as a courtesy, to let us know what it would say. We also had some discussions. Your team did in the very early stages.

Mr Bennie: I understand that PwC staff were meeting with a range of different stakeholders, and they requested a meeting with the department to discuss the issue, and they provided some factual information around what's happening in this space.

Senator HANSON-YOUNG: At this time, were there any other contracts that the department had with PwC?

Ms O'Connell: I'd have to check on that.

Senator HANSON-YOUNG: Does anybody else know the answer to that question, whether there was any other commissioned work or contracts that the department had with PwC at the same time?

Mr Bennie: Not in my work area, but I'd have to take that broader question on notice.

Senator HANSON-YOUNG: Take it on notice.

Ms O'Connell: Also, I'd say not in relation to the nature repair activities, no. But I will take it on notice about the entire department.

Answer:

At the time the embargoed report was received, 27 November 2022, the Department of Climate Change, Energy, the Environment and Water had 9 contracts with PwC.

Table 1. Contracts with PwC at 27 November 2022

| Description | Start Date | End Date | Value | Division |
|--|------------|-----------|--------------|------------------------|
| Policy advice to the Parks Reform Taskforce | 1-Jul-21 | 31-Dec-22 | 4,455,263.20 | Parks Policy Taskforce |
| Golden Beach Energy loan financial assessment services | 8-Mar-22 | 26-Feb-24 | 220,000.00 | Gas & Liquid Fuels |
| Costing model for EPBC cost recovery | 11-Apr-22 | 31-Jul-23 | 1,628,517.00 | Environment Approvals |
| Provision of high-level payroll validation function design and support services | 15-Sep-22 | 30-Jun-23 | 253,000.00 | People |
| Policy skills, governance framework and stakeholder engagement | 20-Oct-22 | 17-Mar-23 | 2,191,129.60 | Parks Policy Taskforce |
| Financial and enabling capability supplementation services during DCCEEWs establishment | 21-Oct-22 | 30-Jun-23 | 1,700,000.00 | Finance |
| Inland Waters Statistical Baseline Exercise Report validation | 24-Oct-22 | 30-Dec-22 | 42,130.00 | Water Policy |
| Professional advice on governance arrangements for the Rewiring the Nation program | 7-Nov-22 | 30-Apr-23 | 273,900.00 | Electricity |
| Project Management Services - Delivery of the 2022 Australian Energy Sector Cyber Security Framework Program | 7-Dec-21 | 17-Mar-23 | 1,273,339.00 | Energy |

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Inquiry: Nature Repair Market Bill 2023 and Nature Repair Market (Consequential Amendments) Bill 2023 [Provisions]
Question No: IQ23-000195
Hearing Date: 30 June 2023
Division/Agency: Nature Repair Market and Environmental Science Division
Topic: First Nations consultation
Hansard Page: 60
Question Date: 30 June 2023
Question Type: Spoken

Senator Duniam asked:

Senator DUNIAM: On notice, I wonder if you could let me know, as of today, which First Nations groups you've consulted with and on what basis you've entered into that arrangement. Chair, I'm not sure whether it's possible now the government has decided the bill is not of screaming urgency, but are we going to be able to have the department appear again before this committee? I've got millions more questions, but I'm cognisant of time.

Answer:

1. The Department of Climate Change, Energy, the Environment and Water has consulted with 46 First Nations organisations between September 2022 and 30 June 2023. Consultations on the Nature Repair Market are continuing, and have involved workshops, information sessions, a Ministerial Roundtable and meetings with individual organisations. The department has not entered into any arrangement with these organisations.

| First Nations Organisation |
|---|
| Aboriginal Biodiversity Conservation Foundation |
| Aboriginal Carbon Foundation |
| Aboriginal Land Economic Development Agency |
| APN Cape York |
| Arafura Swamp Rangers Aboriginal Corporation |
| Australian Institute of Aboriginal and Torres Strait Islander Studies |
| Arnhem Land Fire Abatement Northern Territory |
| Balkanu Cape York Development Corporation |
| Bush Heritage |
| Cape York Land Council |
| Central Land Council |
| Coffs Harbour and District Aboriginal Land Council |
| Country Needs People |
| Culture to Country Consulting |
| Deadly Science |
| Dja Dja Wurrung Clans |
| Federation of Victorian Traditional Owner Corporations |
| Firesticks |
| First Nations Portfolio, ANU |
| Gold Coast Aboriginal Association |
| Illawarra Local Aboriginal Land Council |
| Indigenous Advisory Committee (Internal to DCCEEW) |

Indigenous Business Australia
Indigenous Carbon Industry Network
Indigenous Desert Alliance
Indigenous Knowledge Forum
Indigenous Land and Sea Corporation
Jagun Alliance Aboriginal Corporation
Jali LALC
Kimberly Development Commission
Kimberley Land Council
Kullilli
Mimal Land Management
National Indigenous Australians Agency
National Native Title Council
NSW Aboriginal Land Council
Northern Australia Indigenous Land and Sea Management Ltd
Northern Land Council
Olkola Aboriginal Corporation
Queensland South Native Title Services
South Australian Native Title Service
Taungurung Land and Waters Council
Tiwi Resources
TOCAL College
West Arnhem Regional Council
Yambanguku Aboriginal Culture Heritage and Tourism Development

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Inquiry: Nature Repair Market Bill 2023 and Nature Repair Market (Consequential Amendments) Bill 2023 [Provisions]

Question No: IQ23-000201

Hearing Date: 30 June 2023

Division/Agency: Emissions Reduction Division

Topic: Nature Repair Market Explanatory Memorandum - Offsets

Question Date: 4 July 2023

Question Type: Written

Senator Cadell asked:

1. The Explanatory Memorandum (EM) states that the market has been designed to enable carbon credits and biodiversity certificates to be generated from the same project area.
 - a. How can the Government ensure agricultural land is not used to deliver offsets from complying with the safeguard mechanism and taken out of production for 25 or 100 years?
 - b. Has there been any modelling undertaken to demonstrate the demand for offsets from complying with the safeguard mechanism and where supply can be provided from? Does the modelling include the impact on agricultural land?
 - c. The former Coalition Government put in place a Ministerial veto on notifiable regeneration projects under the Emissions Reduction Fund where the proposed project area is greater than 15 hectares and covers more than one third of the area of a farm. At the 2023-24 Budget estimates hearing in May the Department of Agriculture, Fisheries and Forestry indicated 132 applications had been received for assessment and the Minister had vetoed no projects.
 - i. Is the Department of Climate Change, Energy, the Environment and Water liaising with the Department of Agriculture, Fisheries and Forestry on the veto for notifiable regeneration projects? If so, in what context?

Answer:

Australia's carbon crediting scheme plays an important role in the transition to net zero – supporting emission reductions across the economy, providing hard to abate sectors options to offset emissions they cannot avoid, and providing income to regional communities including First Nations People and farmers.

- Participation in the scheme is voluntary. The scheme provides opportunities for land managers to increase agricultural productivity and generate revenue by earning credits for activities that reduce greenhouse gas emissions, establish forest cover, and change management practices to increase soil carbon levels.
- Participants undertaking carbon sequestration projects are required to maintain the stored carbon for a period referred to as the permanence period. Participants can elect a permanence period of 100 years or 25 years. The number of Australian Carbon Credit Units issued to projects with a permanence period of 25 years is discounted, usually by 20%. Participants can continue agricultural production on their land, where it is consistent with the requirements of the scheme and their particular project activities.

- The Department of Climate Change, Energy, the Environment and Water completed a range of analysis to inform the Safeguard reforms, including potential abatement and carbon market outcomes. The abatement and carbon market modelling completed jointly with the Treasury is Cabinet in Confidence and subject to a public interest immunity claim.

Other analysis suggests Australia has substantial emission reduction and sequestration potential in the agriculture, forestry and land sectors, and could scale up offset production without significant impacts on agricultural land. For example, the Net Zero Australia study published in 2023 found strategically placed tree planting on agricultural land could provide 51 million tonnes of additional carbon sequestration annually, with minimal impact on farming production. Agricultural land managers participating in ACCU projects also realise productivity and land resilience benefits, including windbreaks and shade for livestock, reduced erosion and improved soil quality.

- Under the Carbon Credits (Carbon Farming Initiative) Rule 2015, eligibility of new native forest regeneration projects greater than 15 hectares and taking up more than a third of a farm is restricted where the Australian Government Agriculture Minister or their delegate has assessed that the projects would have a material adverse impact on agricultural production or local communities in the region.
 - The Department of Agriculture, Fisheries and Forestry is responsible for administering this requirement. The Department of Climate Change, Energy, the Environment and Water is responsible for providing policy oversight of the carbon crediting scheme, and liaises with the Department of Agriculture, Fisheries and Forestry in this context.

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Inquiry: Nature Repair Market Bill 2023 and Nature Repair Market (Consequential Amendments) Bill 2023 [Provisions]
Question No: IQ23-000203
Hearing Date: 30 June 2023
Division/Agency: Nature Repair Market and Environmental Science Division
Topic: Agriculture Biodiversity Stewardship Package
Question Date: 04 July 2023
Question Type: Written

Senator Cadell asked:

Can the Department indicate where the following projects are up to that would have supported the Agriculture Biodiversity Stewardship market, announced in 2022-23 March Budget by the former Coalition Government?

- Enhanced NRM support for biodiversity project planning and monitoring
- Better information and methods for monitoring and assessment of biodiversity benefits

Answer:

- The Department of Climate Change, Energy, the Environment and Water is supporting landholders to contribute to biodiversity outcomes through a number of initiatives under the landholder support measure. The Landholder Support Program is under development and will build the capacity of landholder support organisations to help landholders to make informed decisions about nature positive projects and participate in the Nature Repair Market once it commences.
- On 26 April 2023, the \$8 million Innovative Biodiversity Monitoring grants program opened for applications. The program encourages technology and approaches that provide effective biodiversity monitoring at lower cost. Grant applications closed on 24 May 2023, with over 150 applications received across a range of technologies and organisations. All applications are being assessed in accordance with program guidelines and recommendations will be provided to the Minister.
- To support better information, the department signed project agreements with CSIRO on 16 June 2023 and 19 June 2023 for delivery of two projects as follows:
 - \$2.5 million (GST exclusive from 2022-23 to 2024-25) for improvements to the Habitat Condition Assessment System (HCAS). The HCAS provides a nationally consistent approach to habitat condition assessment. The project will support consistent, accurate and cost-effective biodiversity assessment for the market.
 - \$2 million (GST exclusive from 2022-23 – 2023-24) to lead a research partnership to design and pilot an ecological knowledge system to inform project planning, assessment and management for the market. The project will help ensure market participants can access locally relevant ecological information, and contribute to the development of biodiversity assessment capability.
- A grant agreement has also been signed with the ANU's Sustainable Farms Program (\$1 million GST Excl in 2022-23). This funding will support on ground data to inform method development.

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Inquiry: Nature Repair Market Bill 2023 and Nature Repair Market (Consequential Amendments) Bill 2023 [Provisions]

Question No: IQ23-000208

Hearing Date: 30 June 2023

Division/Agency: Nature Repair Market and Environmental Science Division

Topic: Biodiversity Integrity Standards – Part 4, Division 3

Question Date: 04 July 2023

Question Type: Written

Senator Cadell asked:

1. There are a total of 10 Integrity Standards which each methodology will be assessed against and must be compliant with (as outlined below). Can the department outline what is required in a practical sense, to ensure compliance for each standard outlined below?

- a. a biodiversity project carried out in accordance with the methodology determination should be designed to achieve enhancement or protection of biodiversity in native species that is appropriate to the project area; and
- b. enables, where appropriate, adaptive management to achieve the enhancement or protection of biodiversity in native species; and
- c. is, so far as is reasonably practicable, consistent with relevant Indigenous knowledge and values; and
- d. in the case of a condition or requirement that relates to the measurement or assessment of the enhancement of biodiversity of native species—requires a clear indication of the level of certainty of achievement of the enhancement; and
- e. in the case of a condition or requirement that relates to the measurement of the protection of biodiversity of native species—requires a clear indication of the level of certainty of achievement of the protection;

2. EM page 74 para 415 in relation to the integrity standard ‘appropriate to the project area’ indicates that:

‘A methodology determination may not comply with this standard if it did not consider how climate change is likely to impact biodiversity in the project area and require projects to be designed to account for this where appropriate’.

a. What does this mean in a practical sense when developing a methodology – will there be certain criteria to consider and/ or a specific part of the application form to recognise this?

Answer:

1. As set out in the bill the Nature Repair Market Committee will be responsible for determining how each biodiversity integrity standard is interpreted and applied, and for publishing guidance on their interpretation.
 - a. A methodology determination would include the conditions that must be met for a project covered by the determination to be registered and for a biodiversity certificate to be issued. For example, a methodology determination may require a project plan to accompany a project registration application that specifies what species are appropriate to the project area.
 - b. An example of adaptive management is including project-level monitoring requirements and associated triggers for modifying activities when restoration is not proceeding as planned.

- c. A biodiversity method that is compatible with a savanna fire management method under the *Carbon Credits (Carbon Farming Initiative) Act 2011* would be consistent with Indigenous knowledge. These methods recognise the traditional burning methods used by Australia's Indigenous traditional owners for thousands of years and were co-designed with First Nations Australians.
- d. This standard refers to quantified measures of uncertainty, such as, the likelihood of something occurring. For example, this could be based on a range of evidence including statistical analysis of observations or model results, or expert judgement.
- e. Similar to 1d, this could include, for example, well-known management practices, verification tools and other mechanisms that increase confidence about biodiversity protection.

2.

- a. A methodology determination may require a project plan to accompany a project registration application. Project plans are an integrity measure that would enable the requirements of the methodology to be tailored to regional and site-specific factors to ensure that management activities are appropriate and support adaptive management.

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Inquiry: Nature Repair Market Bill 2023 and Nature Repair Market (Consequential Amendments) Bill 2023 [Provisions]
Question No: IQ23-000210
Hearing Date: 30 June 2023
Division/Agency: Finance Division
Topic: Nature Repair Market Bill - Financial Impact Statement
Question Date: 04 July 2023
Question Type: Written

Senator Cadell asked:

1. EM page 8 indicates “The initial estimate of the cost to taxpayers of drafting, consulting on, and delivering the market arrangements was \$13.2m over two years from 2021-22 to 2022-23”.
 - Is this the funding committed by the former Coalition Government?
 - If so, was this funding for establishing the market as well?
 - Will the Government be committing further funding from 2023-24 to establishing the market? If so, how much?
 - Given there are three reviews in 5 years – have these been costed? If so, what is the cost?

Answer:

1. Yes, the funding of \$13.2 million was committed by the former Coalition Government in the 2021-22 Mid-Year Economic and Fiscal Outlook.

It provided for the design and consultation phase of market establishment.

As part of the 2023-24 Budget measure titled *Nature Positive Plan – better for environment, better for business*, an additional \$7.7 million is provided in 2023-24 to continue developing the foundation of a Nature Repair Market.

Additional funding for statutory reviews would be considered as part of the government budget process.

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Inquiry: Nature Repair Market Bill 2023 and Nature Repair Market (Consequential Amendments) Bill 2023 [Provisions]
Question No: IQ23-000222
Hearing Date: 30 June 2023
Division/Agency: Nature Repair Market and Environmental Science Division
Topic: Permanence period
Question Date: 04 July 2023
Question Type: Written

Senator Cadell asked:

Bill Part 2 Registered biodiversity projects Division 6 Permanence Period includes three types of permanence periods including type A (25 years), Type B (100 years), Type C (in accordance with the methodology determination).

- a. Can the department provide examples of projects that would require 25 years and 100 years?
- b. Would it be possible that a methodology has a 25 years and 100 years and still allow activities such as grazing to occur at the same time? For example, protecting a wetland that can be grazed during certain times of the year?
- c. The Enhancing Remnant Vegetation pilot funds projects that must protect existing vegetation over 10 years – will this permanence period be considered given that it is part of this particular methodology?

Answer:

- a. A 25-year project could be one where a company wishes to fund the ongoing management of a complex ecosystem such as existing native vegetation. A 100-year project could reflect a commitment to supporting ongoing protection of an existing area of high biodiversity on private land. The payment arrangements between the company and the landholder could include regular payments for that management. While these arrangements are a matter for those parties to determine, the Department of Climate Change, Energy, the Environment and Water will develop model contracts that would allow for equitable support for a project throughout its duration.
- b. Each project will be conducted in accordance with a specific methodology designed to deliver biodiversity improvements. Some methodologies may allow for grazing or other farming activities depending on whether that activity would impact on the biodiversity outcomes. Permitted activities will be identified during the development of the methodology.
- c. The Bill allows for a ten-year permanence period for methods, which could include enhanced remnant variation. The permanence period is one aspect of each methodology that will be considered during the development of the methodology. Draft methods will be the subject of both public consultation, and independent expert advice from the Nature Repair Market Committee.

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Inquiry: Nature Repair Market Bill 2023 and Nature Repair Market (Consequential Amendments) Bill 2023 [Provisions]
Question No: IQ23-000223
Hearing Date: 30 June 2023
Division/Agency: Nature Repair Market and Environmental Science Division
Topic: Prioritisation of method approvals
Question Date: 04 July 2023
Question Type: Written

Senator Cadell asked:

1. EM page 4 indicates that prioritisation of methods will be informed by such factors as demand from industry and the Government's environmental targets and priorities.
 - How is demand from industry determined?
 - What specific environmental targets and priorities will be considered?
 - How do the pilots for Carbon + Biodiversity and Enhancing Remnant Vegetation fit in with the Government's environmental targets and priorities?
 - How will the Government determine priorities for developing methodologies for aquatics, to the sea, agriculture land, beaches, parks, Indigenous areas?
 - : What expertise and what process will be used to manage these conflicting priorities?

Answer:

- Demand from industry could be determined from qualitative feedback from participants on both the supply and demand sides of the market, or analysis of trends in adoption of a particular type of project. For example, if an industry favours restoration project development, the applicable restoration method could be identified as a priority for ongoing review and development. Feedback from consultation has indicated interest from buyers in biodiversity co-benefits from carbon.
- The Australian Government has made commitments for the environment including the 30x30 target to protect 30% of Australia's land mass and the Threatened Species Action Plan working towards zero new extinctions. There are also a range of international commitments including the Global Biodiversity Framework and the Ramsar Convention on Wetlands.
- The Carbon + Biodiversity and Enhancing Remnant Vegetation pilots are aimed at informing a market approach to improving biodiversity condition on private land. This supports the government's priority to increase private sector investment in nature repair.
- The Bill would allow the Committee to provide advice to the Minister on the prioritisation of method development. It is intended that prioritisation would be informed by such factors as demand from industry and the Government's environmental targets and priorities.
- All methodology determinations would be required to go through the statutory process, which includes a period of public consultation and review by the Nature Repair Market Committee. Before making a methodology determination, the Minister would be required to request advice from the Nature Repair Market Committee about whether the Minister

should make the determination. This would ensure that the Minister has access to expert advice on whether the methodology determination should be made, including whether the determination complies with the biodiversity integrity standards and any requirements imposed by the relevant biodiversity assessment instrument.

The Minister would also be able to have regard to whether significant adverse environmental, agricultural, cultural, economic or social impacts are likely to arise from the carrying out of the kind of project that would be covered by the determination. These discretionary considerations would allow the Minister to take account of advice received from persons other than the Nature Repair Market Committee where relevant and appropriate.

The Nature Repair Market Committee's advice and the reasons for the Minister's decision would be required to be published on the Department of Climate Change, Energy, the Environment and Water's website.

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Inquiry: Nature Repair Market Bill 2023 and Nature Repair Market (Consequential Amendments) Bill 2023 [Provisions]
Question No: IQ23-000243
Hearing Date: 30 June 2023
Division/Agency: Nature Repair Market and Environmental Science Division
Topic: Land management
Question Date: 06 July 2023
Question Type: Written

Senator Duniam asked:

1. The Department would obviously be aware of the history in Australia of how land is frequently left unmanaged once it is transferred from private to public hands. Accordingly:
 - (a) what checking and assurance would be done during, and after, the life of the projects that are spurred by this legislation?
 - (b) what specific arrangements and structures (if any) has the Department so far designed in association with this legislation in order to continually monitor how relevant areas of land, coastlines, waterways and seas were being managed?
2. Who was responsible for deciding that this Federal Nature Repair Market scheme should apply not just to land, but also to coastlines and seas – and on what date was that decision made?

Answer:

- 1.(a) The Bill does not change the ownership of the land on which projects are conducted. The Bill provides a mechanism for biodiversity outcomes to be traded separately to the land. The Clean Energy Regulator will be responsible for ensuring compliance of registered projects during their permanence period. The Bill allows for subsequent projects to be registered at the end of a permanence period of a project. The Bill also allows for other conservation and reservation mechanisms to apply to a project area in parallel or subsequent to a biodiversity project. These will be subject to the requirements defined by those mechanisms, including those created under Commonwealth, State, or Territory law.
- (b) The Department of Climate Change, Energy, the Environment and Water is establishing Environment Information Australia. It is a core component of the Nature Positive Plan and will support access to clear, consistent, and reliable environmental data, information, and science.
2. Consistent with 6.15 of the Legislation Handbook published by the Department of the Prime Minister and Cabinet, the executive of government agreed to the exposure draft of the Nature Repair Market Bill before it was released for public consultation on 23 December 2022.

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Answers to questions on notice
Climate Change, Energy, the Environment and Water Portfolio

Inquiry: Nature Repair Market Bill 2023 and Nature Repair Market (Consequential Amendments) Bill 2023 [Provisions]
Question No: IQ23-000244
Hearing Date: 30 June 2023
Division/Agency: Nature Repair Market and Environmental Science Division
Topic: Auditing
Question Date: 04 July 2023
Question Type: Written

Senator Cadell asked:

Who will determine if a project has to be audited by a registered greenhouse and energy auditor, noting the rules or the methodology determination will indicate if this is required?

Answer:

General requirements for audits of projects will be set in the legislative rules and methodology determinations. Rules and methods will be developed in close consultation with industry, and designed in a way that draws an appropriate balance between costs of participation and scheme integrity. The Nature Repair Market Committee has a key role in developing methodology determinations – the Minister can only make a method after receiving its advice.

Section 104A of the Bill also allows the Clean Energy Regulator to enter into an agreement with a project proponent for an alternative assurance arrangement that may provide a similar outcome to an audit.

In addition:

- S 121 of the Bill empowers the Clean Energy Regulator to require a project proponent pay for an audit where the Regulator has reasonable suspicion of non-compliance, and
- S 122 of the Bill empowers the Clean Energy Regulator to commission audits (at its own expense) of any current or former project proponent.