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Committee Secretary
Senate Standing Committees on Environment and Communications
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Inquiry into Environmental Offsets

Attention: Senate Environment and Communications References Committee

Summary remarks

The Indigenous Land Corporation (ILC) wishes to emphasise the following key messages in response to the Inquiry into Environmental Offsets:

- Indigenous people own more than 20% of Australia's landmass and are well positioned to play a significant role in the development and delivery of environmental offsets on Indigenous-held land.
- Environmental offsets could provide opportunities for Indigenous landholders to engage in the restoration and rehabilitation of land, including existing protected areas, where alternative funding sources for these activities are limited.
- Relaxing the like-for-like principle in the design of environmental offsets could provide opportunities for Indigenous landowners to address significant risks that threaten important ecological values in key landscapes.
- Environmental offsets have the potential to achieve significant co-benefits for Indigenous people, including employment, training and access to country. Offsets may assist the Australian Government to deliver on complementary policy commitments, such as *Closing the Gap*.
- The ILC does not consider that environmental offsets are appropriate in every situation, especially where ecological and/or cultural values may be at risk of irreparable damage.
- Indigenous stakeholders should be consulted and involved in the development, assessment and delivery of offsets, wherever possible.
- The ILC supports the continued application of the "mitigation hierarchy" as a fundamental principle that underpins the use of environmental offsets. Offsets should only be used to compensate for residual impacts that cannot be avoided, minimised or restored.

The Indigenous Land Corporation

The ILC is an independent Commonwealth statutory authority established in 1995 to assist Indigenous Australians to acquire and manage land to achieve economic, environmental, social and cultural benefits. Through its key policy framework, the [National Indigenous Land Strategy](#), the ILC prioritises involvement in projects that lead to access to and protection of cultural and environmental values, and socio-economic development for Indigenous people. In particular, the ILC recognises the significant opportunities that are emerging for Indigenous landholders in carbon, biodiversity and ecosystem services markets.

The ILC welcomes the opportunity to respond to the Senate Environment and Communications References Committee's call for submissions as part of its inquiry into the history, appropriateness and effectiveness of the use of environmental offsets in federal environmental approvals in Australia. The ILC understands the Committee is seeking views on a range of matters, including:

- The principles that underpin the use of offsets;
- The processes used to develop and assess proposed offsets; and
- The adequacy of monitoring and evaluation of approved offsets arrangements to determine whether promised environmental outcomes are achieved over the short and long term.

The ILC is keenly interested in the opportunities available to Indigenous landholders through the delivery of environmental offset projects on Indigenous-held land. Such projects have the potential to provide significant benefits, including improved management of biodiversity, protection of cultural and ecological values, jobs and training for Indigenous people, and access to country.

As an example of engagement in the development and delivery of environmental offset projects on Indigenous-held land, the ILC has built significant capacity and is actively engaging with the Carbon Farming Initiative (CFI) to enable participation by Indigenous landholders in the following ways:

- Providing significant financial and in-kind support to CFI methodology development, including methodologies for carbon abatement through controlled savanna burning, biosequestration, conservation grazing and feral animal removal;
- Undertaking the first Indigenous CFI project at Fish River in the NT and being the first entity to have a savanna burning project accredited under the CFI through the [Fish River Fire Project](#), with credits successfully sold to Caltex Australia; and
- Promulgating the lessons learnt from establishing the *Fish River Fire Project* and supporting other Indigenous organisations to engage with the CFI, including the *West Arnhem Land Fire Abatement (WALFA) Project* and the *North Kimberley Fire Abatement Project*.

Environmental Offsets in Australia

The ILC notes that environmental offsets seek to achieve measurable conservation outcomes through actions that are designed to compensate for the residual impacts of development activities. This could be done by protecting intact areas of land that contain the ecological value that will be impacted, or by restoring or improving ecological values on land nearby.

Notwithstanding the comments below, which generally support the use of environmental offsets, the ILC does not consider that environmental offsets are appropriate in every situation, especially where ecological and/or cultural values may be at risk of irreparable damage. Further, Indigenous stakeholders should be consulted and involved in the development, assessment and delivery of offsets, wherever possible.

Mitigation hierarchy

Under the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act), environmental offsets are measures of last resort. That is, they are generally only used after all reasonable steps have been taken first to avoid and minimise the impact of a project, and then to restore biodiversity on-site.

The ILC supports the continued application of the “mitigation hierarchy” as a fundamental principle that underpins the use of environmental offsets. Offsets should only be used to compensate for residual impacts that cannot be avoided, minimised or restored.

Like for like

It is noted that offsets can take a number of forms, including acquiring and protecting land with representative values (“like for like”), or positive land management interventions, such as restoring habitat structure, species composition and ecosystem function, and reducing key threats.

While the concept of ecological equivalence is an important part of determining “like for like”, there is a risk that strict adherence to this approach may lead to the protection of scattered remnant vegetation areas on private lands that are below the size threshold to provide useful habitat for many species.

Some offsets are focused on the protection of habitat for an endangered species. In these instances, the proposed investment should be considered in light of the overall effort to preserve that species. Where the species is on the brink of extinction, it may be more appropriate to use funds to establish breeding populations in captivity, or to support intact ecosystems where the investment has a greater chance of delivering a significant ongoing benefit for other at-risk species, including in existing protected areas.

Besides the limited effectiveness of small patches of habitat for conservation purposes, the administration (including monitoring and evaluation) of many dispersed sites places an additional burden on government. An alternative approach would be to direct offset funds towards enhancing the ‘robustness’ of existing intact areas that are at a scale sufficient to provide habitat to many species.

Much Indigenous-held land in Australia occurs in extensive landscapes where biodiversity is known to be in slow decline. Access to adequate funding to address ecological threats in these vast and often remote areas is limited. However, improved management of these landscapes may lead to significantly more effective outcomes in terms of protecting ecological values and improving resilience against current and future threats than the *ad hoc* protection of small, disconnected patches of land.

Additionality

A further key principle that underpins the use of offsets is additionality. That is, the conservation gain should be additional to what would have happened anyway in the absence of the offset.

Notwithstanding the importance of the additionality principle, there are examples of environmental problems in existing protected areas, such as National Parks and Indigenous Protected Areas, which cannot be adequately addressed within current funding arrangements. These include ongoing feral animal, weed and fire management issues.

There may be value in considering whether offset funds could be used to support specific management actions in existing protected areas that would be additional to what is realistically possible with current funding allocations from government. This could include significantly increasing the scale and scope of planned actions, or even funding the expansion of Indigenous Protected Areas.

In addition, privately-owned reserves (such as properties covered by conservation agreements), for which landowners have received no incentives or ongoing management support, could be made eligible to receive offset funds to deliver environmental projects, providing the project would not realistically have happened in the absence of offset funds.

Tenure and existing land use

Pastoral leases are generally restricted from engaging in any land use other than grazing. However, some leasehold lands in Australia contain significant environmental values, including sites listed under the Ramsar Convention. The Australian Government may be able to provide incentives to State and Territory Governments to encourage pastoral leases, or portions of pastoral leases, to be made available for the delivery of environmental offsets, providing the primary land use is compatible with the lease conditions or the offset has a greater commercial value than the primary land use.

The potential for offset areas to meet additional economic development goals should also be considered. For example, environmental offsets could co-exist with complementary CFI projects, such as savanna burning, or other land uses that may be compatible with the delivery of conservation goals, such as sustainable harvesting of bush foods or eco-tourism.

Involvement of Indigenous landowners

More than 20% of the Australian continent is directly owned or managed by Indigenous people. While much of this land is undeveloped, has marginal productive capacity and is of low commercial value, much of it also contains significant environmental and cultural values. Indigenous landholders are keen to play a role in delivering ecosystem services on their land.

Many of the valuable co-benefits that could be generated by environmental offset projects in partnership with Indigenous people are closely aligned with other Australian Government policy commitments, including those related to *Closing the Gap*, natural resource management and regional development. Measures to facilitate the continued engagement of Indigenous people with

environmental offsets may be a cost effective way for the Australian Government to deliver on complementary policy targets.

Resources to support Indigenous landholders to more effectively engage with environmental offsets markets could enhance the outcomes of environmental offsets in Australia. As an independent Commonwealth statutory authority, the ILC would be pleased to discuss this notion further with the Australian Government, including a possible formal role for the ILC to develop the capacity of Indigenous landholders in this regard.

Policy framework

Environmental offsets have the potential to provide real opportunities for Indigenous landholders. However, the policy framework underpinning the market needs to have positive environmental outcomes as its focal point. That is, the guidelines for the implementation of the policy, including the development, assessment, delivery and potential for the independent monitoring of offsets, need to be robust and transparent.

The Australian Government's Carbon Farming Initiative (CFI) is a strong example of a verified offsetting system which enables offsets to be clearly quantified and audited. While the CFI is particular to the offsetting of carbon, some elements of the framework, such as integrity standards and measures to minimise fraud, could be adapted and applied in the context of environmental offsets.

Concluding remarks

The ILC looks forward to further engagement with the Australian Government in relation to the engagement of Indigenous landholders in the development and delivery of practical environmental offset projects, or any other related policy matter.

Yours sincerely,

M C Dillon
CEO