



A review of
**Queensland's
environmental
offsets framework**

**CONSULTATION AND
RESPONSE REPORT**

October 2020



**Queensland
Government**

Prepared by: Department of Environment and Science

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Executive Summary

Environmental offsets are used in many countries and are a widely accepted way to compensate for impacts from economic growth and rapid urban expansion. Environmental offsets were first introduced in Queensland in the early 1980s as a means of counterbalancing unavoidable environmental impacts from development at one site, by enhancing and protecting environmental values at another.

The current framework was introduced on 1 July 2014 to replace all previous state offset policies with a standard approach. The level of stakeholder involvement in its initial development was heavily criticised by all sectors.

On 18 February 2019, the Queensland Government released the *Review of Queensland's Environmental Offsets Framework* discussion paper for public consultation. Through this process, stakeholders outlined their experience with the Queensland environmental offsets framework, what elements of the framework were working well or required improvement, and what new elements should be included under the framework.

Stakeholders have generally shown support for the review with most supporting the continued use of environmental offsets in Queensland. There is also consensus across all stakeholder groups that reforms are needed to some elements of the framework.

There is widespread support for better alignment with the Commonwealth Government's offsets framework, improved guidance on how to deliver an offset condition, and greater identification of suitable areas for offset delivery.

The Queensland Government will ensure that best practice stakeholder consultation standards underpin future reform of the environmental offset framework. The next update to the environmental offsets framework will be developed in collaboration with stakeholders and the community.

Our vision is for an environmental offsets framework that maximises the conservation outcomes and other co-benefits achieved by environmental offsets, contributing towards a healthy, productive and resilient environment Queenslanders enjoy. The Queensland Government's response to feedback will be progressed in two stages focusing on 15 key areas of reform which have been identified by stakeholders (see below table). The first stage of reforms, to be delivered by December 2020, involves non-regulatory improvements to the framework and enhancing our partnerships with land managers.

The second stage of reforms, which may involve amendments to the framework, will commence in 2021 and be delivered before the expiry of the Environmental Offsets Regulation and Policy on 1 September 2024. Potential amendments will be developed, from the outset, in collaboration with a newly formed multisector reference group and in consultation with key stakeholders and the community.

Focus area	Key areas for reform	Stage
Environmental outcomes	1. Increase the supply of land for offsets	1 and 2
	2. Streamline offset delivery processes	2
	3. Improve monitoring, adaptive management and compliance	2
	4. Prevent unachievable offset conditions	2
	5. Clarify the scope of the framework	2
Alignment with best practice	6. Identify and deliver offsets in strategic locations	1 and 2
	7. Align the offsets framework with conservation priorities	2
	8. Align the framework with best practice principles for environmental offsets	2
How we measure offsets	9. Make it easier to do business with the Queensland Government	1 and 2
	10. Consolidate requirements and clarify core terms	2
	11. Maintain the value of offset funds over time	2
Security and transparency	12. Simplify requirements for legal security	2
	13. Establish the foundations for an offsets market	2
Offset opportunities	14. Build and support relationships with First Nations people	2
	15. Encourage delivery of co-benefits	2

Introduction

The *Review of Queensland's Environmental Offsets Framework: Discussion Paper* was publicly released for consultation on 18 February 2019 and closed on 24 April 2019.

The Queensland Government received 118 written submissions, and held 23 stakeholder meetings and eight workshops in response to this consultation. Detailed information about submitters and of the consultation process can be found on the webpage [Review of Queensland's Environmental Offsets Framework](#).

This report summarises the feedback received, sets out a vision for the Environmental Offsets framework, and outlines Government's response to this feedback under the following five focus areas:

1. Environmental outcomes
2. Alignment with best practice
3. How we measure offsets
4. Security and transparency
5. Offset opportunities.

Feedback was sought on the five focus areas through the following questions:

1. What has been your experience with the Queensland Environmental Offsets Framework?
2. Which elements of the framework do you think are working well?
3. Are there any areas where you would like to see improvements made?
4. Is there anything you would like to see in the framework that isn't already there?

Responses to these questions informed the Government on what is, and is not, working for the stakeholders of the environmental offsets framework, and supported the development of the Governments' vision and commitments to build an effective and efficient environmental offsets framework in Queensland.

Vision

Stakeholder feedback from the review formed our vision and helped develop five guiding principles. The Queensland Government will use these five guiding principles to evaluate how successfully the 15 key areas of reform have been implemented and how well they align to, and help achieve, the vision.

Vision	An environmental offsets framework that maximises the conservation outcomes and other co-benefits achieved by environmental offsets, contributing towards a healthy, productive and resilient environment Queenslanders enjoy.
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Guiding principles	<ol style="list-style-type: none"> 1. Optimise environmental outcomes. 2. Deliver offsets in a timely manner. 3. Strengthen partnerships with First Nations peoples, governments and land managers. 4. Lead the establishment of a market for environmental offsets. 5. Support ecologically sustainable development in Queensland.
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Additionally, the 15 key areas of reform align with the South East Queensland Koala Conservation Strategy 2020-2025; the Land Restoration Fund; the Queensland Government’s Statement of Commitment to a Reframed Relationship with Aboriginal and Torres Strait Islander Queenslanders; Reef 2050 Long-Term Sustainability Plan; Queensland’s Economic Recovery Strategy and the Queensland Ecotourism Plan 2016–2020.

Staged implementation and Multisector Reference Group

Our vision will be achieved through close collaboration with key stakeholders and the community over two stages of implementation.

Stage one will address the Queensland Government’s current work to deliver environmental offsets by December 2020. This stage involves non-regulatory improvements to the framework and will not result in any increased costs to business or industry. Work will include increasing the extent and depth of our partnerships with land managers to deliver environmental offsets in rural and regional areas, improving coordination of offset delivery, as well as working to remove some of the barriers to offsets as identified by our stakeholders. A multisector reference group will be formed during this stage to support the delivery of stage two, and will include representatives from conservation groups, First Nations peoples, agriculture and land management sectors, development, extractive and energy industries, ports, and economists.

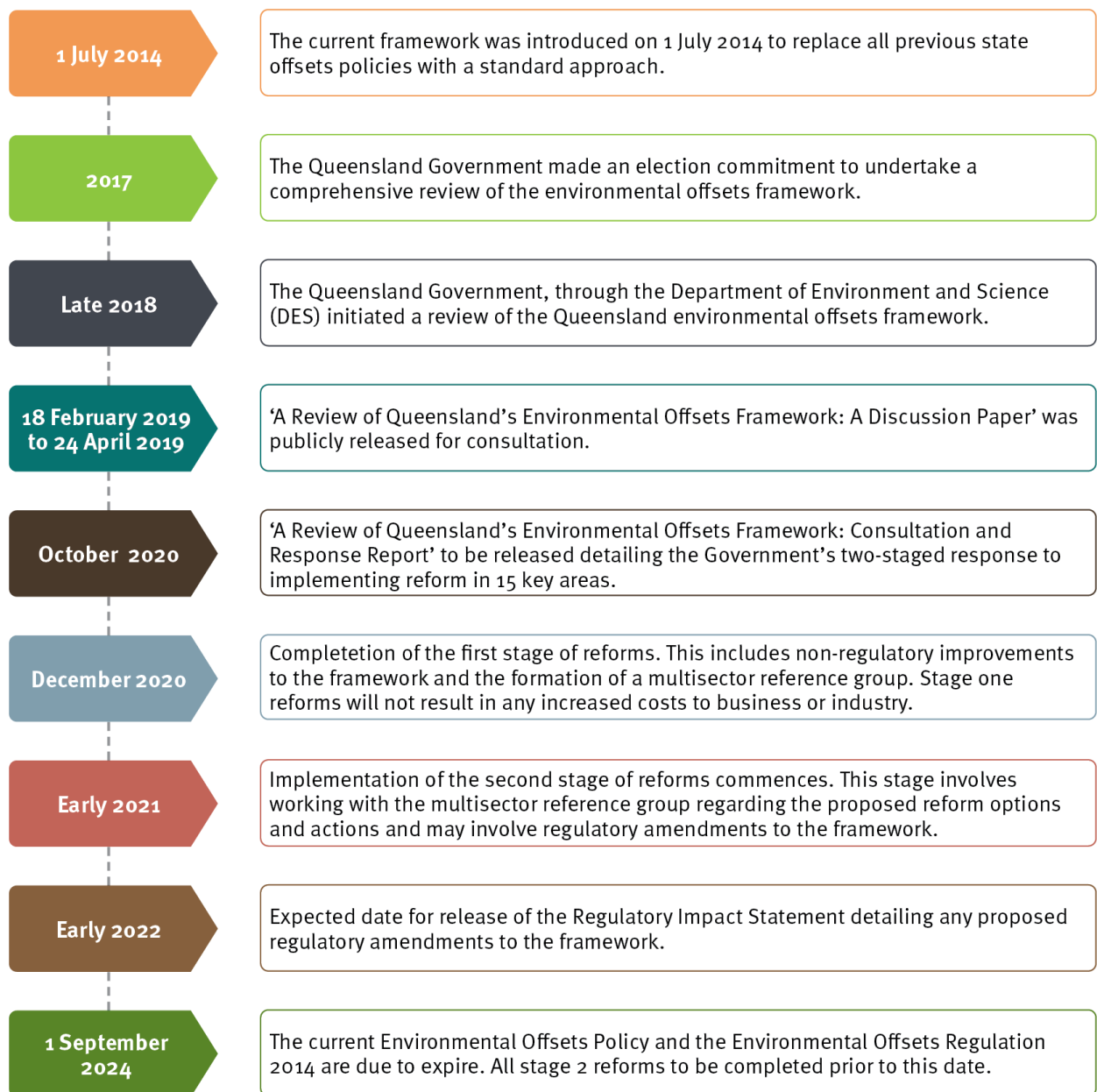
Stage two will commence in early 2021 and must be completed before the expiry date of the Environmental Offsets Regulation and Policy on 1 September 2024. This stage may involve regulatory amendments to the framework.

The multisector reference group will provide advice, information, and recommendations on behalf of stakeholder interests regarding any proposed stage two reform options and actions. It will play an important coordinating role by:

1. Providing stakeholder perspectives on the proposed reform options and, if required, offer viable alternatives
2. Assisting the department to identify the costs and benefits of options being considered
3. Identifying any risks or barriers to the successful implementation of proposed options
4. Providing information about the stage two reforms back to their members.

A Regulatory Impact Statement prepared in partnership with the reference group will also be released for broad consultation with the community in early 2022 prior to any amendment of the environmental offsets framework being progressed.

Timeline of Review and Implementation of Reform



Feedback Received and Government Response

This section summarises the submissions received on the Review's five focus areas, and outlines the 15 key areas of reform in response to stakeholder submissions and the proposed staging of these commitments.

The main topics raised by stakeholders included:

- the matters and activities considered under the framework
- exemptions and assessment processes
- alignment across government jurisdictions
- slow delivery of offsets
- the complexity of the framework and support tools
- lack of transparency in state and local government processes
- costs associated with delivering an offset
- enforcement and compliance
- barriers to landholder engagement.

Traditional Owners communicated a desire to participate in offset delivery, as well as the need for more support and consideration under the framework.

Industry and development stakeholders communicated a desire to ensure sustainable development occurred, but stressed the importance of ensuring the framework provided flexibility for offsets delivery and reduced regulatory burden.

Other key recommendations from stakeholders included:

- developing an online communication platform to facilitate the flow of information and link key stakeholders
- fostering partnerships with other organisations
- being more strategic in selecting offset site locations and delivering conservation priorities.

1. Environmental Outcomes

This key area of the review evaluated the environmental outcomes that have been delivered since the offset framework was introduced. This included: an evaluation of activities and environmental values currently requiring an offset; when offsets are, and are not, appropriate; and the level of compliance with offset delivery plans.

Stakeholder feedback

Submissions highlighted the existing barriers to counterbalancing impacts, and indicated changes that could be made to improve the function of the framework.

Many submitters from the conservation sector and general community are concerned that the framework is not achieving the objective of counterbalancing unavoidable impacts and suggested that greater monitoring is required. Some expressed the view that offsets would never function in principle.

Additionally, many of these submissions also referred to impacts on koalas, specifically asking for more detail of the review of the offsets policy and legislation and how offsets would work to contribute to koala conservation. There was also commentary regarding the interplay of how a net gain in koala habitat could be achieved and what role offsets could play in achieving that target. More information on the Queensland Government's response to koalas and their habitat is presented in the South East Queensland Koala Conservation Strategy 2020-2025.

Resource and extraction, and urban development submissions indicated a desire to improve the framework to ensure sustainable development is achieved. They emphasised that any changes to the framework should allow flexibility in how and where offsets are delivered and reduce the regulatory burden.

A few submissions recommended that further exemptions for development activities should be considered. However, many also recommended that exemptions be reduced and additional environmental values included in the framework.

Feedback also indicated that the interaction between matters of national environmental significance, matters of state environmental significance and matters of local environmental significance is confusing and may prevent some significant impacts from being counterbalanced.

Many submitters from across different sectors concluded that the mitigation hierarchy is not being strongly applied during assessment and that offsets are being allowed when they are unlikely to succeed.

Many submissions also emphasised that there should be limits as to which environmental values can be offset. For environmental matters considered a 'high risk', submitters stated that impacts should be avoided or mitigated.

Conservation and community groups provided the most feedback on this topic.

Government response

Future reforms will ensure that the best possible environmental outcomes are being achieved through improved offset delivery, monitoring, adaptive management and compliance processes, as well as increased availability of suitable land. Increased transparency on the progress of offsets will bolster confidence in both the offset conditions imposed, and to the effectiveness of an offset

counterbalancing impacts. Stakeholders seeking an offset will be assisted through a streamlined process that reduces requirements for additional permits and other approvals outside of the offsets framework.

Stage one government response		
1	Increase the supply of land for offsets	<p>Landholders want to be able to register their interest prior to, or instead of, a declaration of an advanced offset.</p> <p>The Queensland Government will reduce the complexity to register interest in delivering an offset with the creation of an online form and register for interested landholders.</p> <p>The Queensland Government will also continue to work with local government and land managers to increase advanced offset registration, targeting areas for koala habitat within South East Queensland.</p>
Stage two focus areas for the multisector reference group		
2	Streamline processes for offset delivery.	
3	Improve monitoring, adaptive management and compliance.	
4	Prevent unachievable offset conditions.	
5	Clarify the scope of the framework.	

2. Alignment with best practice

This area of the review considered offset programs that have worked well elsewhere in Australia and overseas, and looked at opportunities to deliver more strategic and coordinated offsets for all environmental values in collaboration with local government.

Stakeholder feedback

Submissions showed overall support for greater alignment with the Commonwealth Environmental Offsets policy and conservation priorities, and greater identification of strategic locations for offset delivery.

The resource and extraction, urban development, and local government sectors supported greater alignment if the regulatory burden is reduced in assessment, conditioning, and delivery timeframes and processes.

A range of submissions expressed the view that environmental matters in local government areas are not being consistently or adequately assessed.

Most local governments indicated that they need more support, guidance and training from the Queensland Government.

Government response

Future reforms will build on the existing offsets framework to achieve best practice standards and strategically meet conservation priorities. Working with stakeholders, the Queensland Government has already embarked on identifying and implementing offsets in strategic locations across the state.

Stage one government response		
6	Identify and deliver offsets in strategic locations	<p>The currently identified Strategic Offset Investment Corridors (SOICs) are not adequately meeting demand for offset sites.</p> <p>The Queensland Government will develop an integrated and coordinated approach for koala offsets in SEQ that further aligns with the SEQ Koala Conservation Strategy.</p> <p>The Queensland Government will also establish the Aquatic Ecosystems Rehabilitation and Research Working Group to progress development of a Strategic Investment Plan for the restoration, offsetting, and identification of research gaps for wetlands and aquatic ecosystems in Queensland.</p>
Stage two focus areas for the multisector reference group		
7	Align with the best practice principles for environmental offsets.	
8	Align with key conservation priorities.	

3. How we measure offsets

This area of the review examined the methods used to measure the environmental improvements an offset achieves, the cost of providing a financial settlement offset, and the 1:4 offset ratio cap which limits the size and scale of some offsets.

Stakeholder feedback

Submitters from across all sectors stated that the guidance materials and support tools are not adequate for effective use to assess impacts or outcomes for environmental matters. There is also consensus that legislation and guidelines are unnecessarily complex and difficult to apply.

Many submitters from diverse sectors recommended that the capped multiplier be reviewed and amended to ensure offsets are effectively counterbalancing impacts. Resource and extraction submitters supported retaining a maximum cap of some sort, in order to provide certainty to developers.

Most submissions regarding financial settlement costs stated that the amounts required are too low to deliver an offset, and many said that they should be amended to reflect market value. Three resource and extraction and urban development submitters raised the concern that costs are currently too high and could be a burden on economic development.

One resource and extraction submitter suggested that any future review of the offsets framework calculators should mirror the processes used to develop the calculators of the Commonwealth Reef Trust and the Queensland Government financial assurance scheme for mine rehabilitation.

Government response

Future reforms will improve the clarity and thoroughness of guidance materials and how offset funds are used, improve the accuracy of the tools used to determine and deliver offsets, will redefine core terms to clarify the intent of the offsets framework, and will better communicate the opportunities stakeholders have available to them in delivering offsets.

Stage one government response		
9a	Make it easier to do business with the Queensland Government.	<p>Stakeholders stated that guidelines on how to deliver an environmental offset need to be improved.</p> <p>The Queensland Government will publish guidance material for landholders, developers and local governments in understanding and applying the environmental offsets framework, starting with guidance material for koalas to support the implementation of the South East Queensland Koala Conservation Strategy 2020-25.</p>
Stage two focus areas for the multisector reference group		
9b	Make it easier to do business with the Queensland Government.	
10	Consolidate requirements and clarify core terms.	
11	Maintain the value of offset funds over time.	

4. Security and transparency

This area of the review examined legal security, time delays, establishing offset markets, risk management, improving transparency, and ongoing monitoring of the performance of the environmental offsets framework.

Stakeholder feedback

A strong theme across most submissions is that a review of the legal security requirements for offset sites needs to be undertaken. Resource and extraction, and urban development submitters indicated that legal security requirements should be simplified and made more flexible. They also stressed that legal security should not be required in perpetuity, but only for the length of the impact. Conservation and community sectors emphasised that legal security requirements should be stricter, and sites better protected against future impacts.

All sectors raised concerns that greater transparency is needed at all stages of offset assessment and delivery, particularly in relation to the administration of the Offsets Fund. There is also a need for stronger enforcement and compliance processes to be put in place for offset delivery.

Many submissions across all sectors recommended that an online communication tool be developed to facilitate delivery and transparency, and to provide more information than to what is currently provided on the existing Offsets Register.

Government response

Future reforms will ensure that legal security requirements under the environmental offsets framework are clarified and simplified and that the foundations for a contemporary and robust offsets market is established. These actions align with stakeholder feedback and assist in the evolution of Queensland's offsets framework.

Stage two focus areas for the multisector reference group	
12	Simplify requirements for legal security.
13	Establish the foundations for an offsets market.

5. Offset opportunities

This area of the review explored opportunities to encourage landholder participation, ways to increase benefits to the broader community, and the delivery of additional social, economic, cultural and environmental co-benefits.

Stakeholder feedback

Many submitters expressed the view that offsets could have positive co-benefits for local communities and that these are not being fostered in the current offset delivery process.

Local governments, consultants and brokers, and a range of other submitters raised concerns that land that is suitable for delivering an offset is difficult to find.

There is consensus across all sectors that there are a range of barriers to landholder participation which could be removed through increased incentives and greater facilitation of offsets markets by the Queensland Government.

First Nations peoples and NRM groups emphasised that partnerships should be formed for more efficient delivery, and that First Nations peoples need more support and consideration under the framework.

Submitters across all sectors recommended that the Queensland Government should facilitate a more strategic approach to offset delivery. Many recommended that priority areas for offset sites should be coordinated across jurisdictions and that planning for future development and conservation areas needs to reflect long-term thinking and consider co-benefits.

Government response

Future reforms will facilitate greater community participation in the delivery of environmental offsets. Co-benefits for local communities will be pursued which may lead to increased benefits to biodiversity, First Nations peoples, communities, business and industry. A co-operative approach to offsets delivery with First Nations peoples will be prioritised, with preference given to offsets located within the same native title area or lands of an impacted First Nations community. This will further strengthen cross-cultural knowledge exchange and build mutually beneficial and innovative partnerships.

Stage two focus areas for the multisector reference group	
14	Build and support relationships with First Nations peoples.
15	Encourage delivery of co-benefits.

6. Additional Feedback

A number of submitters expressed support for the consolidation of the previous five policies into one in 2014, stating that this change reduced duplication and complexity.

Next Steps

Drawing on stakeholder feedback and technical analysis, the review has identified a vision, guiding principles and 15 areas of future reform for the environmental offsets framework.

The Queensland Government will use this Consultation and Response Report as a basis for working with a new multisector reference group and the community, and is committed to improving how it does business, in partnership with key stakeholders.

Future reforms to the environmental offsets framework will be identified and assessed in consultation with the multisector reference group and the community, and will be supported by the latest available science and expertise, as well as from the submissions received from stakeholders and experts during the public consultation process of the *Review of Queensland's Environmental Offsets Framework* discussion paper.

Our continued commitment to collaborating with our partners across the conservation, business and land management sectors will ensure that the offsets framework is efficient, effective and provides a workable route to counterbalancing unavoidable impacts on environmental matters.

We will continue to deliver offsets for our stakeholders, increase the supply of potential offset sites, and improve guidance on how offsets can be delivered. We will embark on achieving our vision through the implementation of the stage two commitments.

This work will strengthen the existing framework and meet current best practice standards. By working with the community the environmental offsets framework will be improved to maximise strategic conservation priorities and deliver social and economic co-benefits. Over time, we will enhance the framework to allow offsets to operate effectively within an emerging environmental offsets market.