

Target-based outcomes offsets model

What is a target-based model?

The proposed target-based implementation model (the model) is based on the concept of offsets contributing to the achievement of environmental targets developed for the Territory at regional or Territory-wide scales. Such targets would reflect the most serious environmental threats in different parts of the Territory, or those elements of biodiversity which are most threatened, most valued and/or most amenable to recovery. Such targets could include, for example, preventing the further spread of serious environmental weeds (or reducing their current extent); or a specified level of recovery in the status of threatened mammal species in a particular region.

Where a proposed development may result in a significant residual environmental impact, proponents will be required to identify a suitable offset or offsets, with the amount of compensation required to address the impacts of the proposal determined using a simple set of consistent and transparent rules. The offset should support actions or activities that contribute to measurable positive outcomes for one or more environmental targets. In general, these targets should be chosen to be most relevant to the type of residual impact associated with the development, such as the regional location and the ecosystems affected. Proponents may feasibly implement offset actions themselves but will more likely procure them from offset providers, who are better placed to implement land management activities (such as fire, weed and feral animal management) at a broad landscape scale.

Why use a target based model?

The Territory has a unique set of environmental characteristics that require a Territory-specific approach to offset implementation. These include:

- the Territory generally has relatively intact landscapes, rather than the highly modified landscapes in other jurisdictions, where offsets generally apply to small areas of remnant native vegetation
- biodiversity loss cannot generally be averted in the Territory by simply 'locking up' small offset areas. Rather, biodiversity management generally requires the reduction of pervasive threats such as inappropriate fire, weeds and feral animals, which is most effectively achieved at a broad landscape scale
- the fine-scale ecosystem mapping and habitat integrity metrics used in offset calculations in southern states are not available for the Territory
- land tenure regimes in the Territory are very different, with almost all land being leasehold or aboriginal freehold. Securing land for conventional offsets, especially in perpetuity, is very problematic for many potential offset scenarios
- offset arrangements based on improved landscape-scale management are likely to be suitable for local delivery by remote and regional communities, maximising the benefit of offsets to Territorians

Why not use the conventional offset model?

Under the conventional model for environmental offsets used in other Australian jurisdictions, the significant residual impact of a project is offset by the proponent protecting or restoring an area of habitat of equivalent value. The value of the offset is generally calculated using a complex metric to meet a goal of 'no net loss' of biodiversity over time. Such offset metrics are typically opaque, require high resolution spatial data of biodiversity attributes, and are based on a paradigm of maintaining biodiversity values associated with relatively small patches of remnant native vegetation. Under this approach, offsets from individual projects are typically applied in an ad-hoc fashion, rather than contributing to strategic, regional conservation programs.

While this methodology is well developed in southern jurisdictions, it is of limited applicability to the Northern Territory environment. Additionally, the conventional offsets model has recently been subject to significant academic criticism, as the methodology and approach does not actually deliver a real 'no net loss' outcome, which is exacerbated by failing to explicitly apply offsets in the context of a strategic, regional conservation plan.

In most Australian jurisdictions, governments now allow a financial payment into an offset fund as an alternative to implementing on-ground offsets. This is not the preferred approach in the Northern Territory as it is an inappropriate transfer of risk associated with offset delivery from proponents to government, potentially creating a perception that developers are buying environmental approvals, and because of the availability of alternative arrangements for brokerage of offset projects by non-government organisations.

How will the target-based model be implemented?

Further work is required to develop the details of the target-based offsets model. This includes:

- the development of outcome-based targets for the Northern Territory
- the development of a compensation guideline to specify the type and amount of compensation required for identified significant residual environmental impacts
- the development of governance and operational management frameworks
- consultation with the Commonwealth Government to determine the extent to which the target-based approach in the Territory would satisfy potential offset requirements under the *Environment Protection and Biodiversity Conservation Act 1999*

These areas will be developed further through targeted consultation with academic experts, potential offset providers and brokers, natural resource managers, industry and community stakeholders.

Further reading

The following academic papers and conference proceedings describe some of the perceived problems with conventional offset approaches in Australia, and the potential advantages of a target-based approach:

Locking in loss: Baseline of decline in Australian biodiversity offset policies -

<https://www.smh.com.au/cqstatic/guw9ta/maron1.pdf>

Exploring the need to revisit biodiversity offset theory and application -

https://conferences.iaia.org/2019/uploads/edited-presentations/Key%20IAIA%20paper_02.06.2019_1

Moving from biodiversity offsets to a target-based approach for ecological compensation -

<https://conbio.onlinelibrary.wiley.com/doi/full/10.1111/conl.12695>