

By email: naturerepairmarket@dcceew.gov.au

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Australian Academy of Science submission on the Nature Repair Market Bill exposure draft

The Australian Academy of Science welcomes the opportunity to comment on the *Nature Repair Market Bill Exposure Draft*.

The Academy strongly supports a national voluntary framework for projects to enhance or protect biodiversity. However, there are improvements required to the exposure draft of the Nature Repair Market Bill.

The Academy suggests that the exposure draft can be improved by ensuring:

- Market value and integrity require demonstrated biodiversity benefit; certificates must represent and accurately reflect project outcomes.
- The Biodiversity Integrity Standards must ensure genuine and measurable ecological benefit, and auditors must have relevant expertise.
- The Nature Repair Market Committee should be expanded to include sufficient expertise to assess the variety of benefits and conservation interventions encompassed by the Market.
- Initial government investment in model biodiversity projects will stimulate market development. Such projects must positively benefit biodiversity rather than act as compliance offsets for biodiversity loss.

Integrity of the market requires genuine and demonstrated biodiversity benefit

The value of the Nature Repair Market will rely on ensuring the integrity of the system and providing confidence in its ecological outcomes. Certificates must represent genuine ecological benefit and only such benefit that comes about through the positive actions of the certified project. This must be reflected in the certificates themselves, the Biodiversity Integrity Standards, and in the accuracy of auditing of biodiversity outcomes.

Certificates must be meaningful

The Bill does not qualitatively or quantitatively specify what biodiversity certificates will represent or how much biodiversity gain must be demonstrated before a certificate is issued. The description “enhancement or protection of biodiversity in native species” does not encode sufficient detail for use.

It is not clear how the “standardised information” provided by the Bill will be represented and how it will account for the complexities of biodiversity management. For example, the system must be able to account for:

- Projects addressing single species, multiple species or whole ecological communities
- Projects addressing species of different threat status
- Projects offering different types of projected benefits
- The “value” of different species: will all species be treated equally, or will projects be weighted according to specified criteria? How will these criteria be developed, and how will they be communicated?

Beyond this, the Bill does not currently encompass biodiversity benefits at an ecosystem level. Projects are defined and described exclusively in terms of “biodiversity in native species”. There is no requirement for certified biodiversity projects to “enhance or protect” ecosystem-level diversity, and there is no mechanism to identify, mitigate or prevent adverse ecosystem outcomes in nominally compliant projects.

The Biodiversity Integrity Standards should require demonstrated biodiversity benefit

The Biodiversity Integrity Standards will be essential to ensuring genuine ecological benefit.

However, the Standards as drafted relate to prospective outcomes at the time of issue of the certificate rather than to absolute requirements for certified projects.

The only outcome-based grounds for issuing a relinquishment notice appears to be “significant reversal of biodiversity outcome”, with no correction mechanism for projects whose projected biodiversity benefit does not eventuate to a significant degree.

As noted above, because of the focus on species, the Standards do not ensure protection of either the extent or condition of natural ecosystems for certified projects.

Combined, these points present the risk that certificates will be issued, retained or traded regardless of biodiversity outcomes.

The Standards should also require projects to have explicit accounting for the additional gains. This should be based on observable, measurable, positive outcomes. Projects should *not* be certified based on “averted loss”. Gain calculated on this basis depends on an unobservable counterfactual, and is consistently overestimated. The resulting certificates will lack value and damage the integrity of the scheme as they fail to result in biodiversity benefits.

Reliable, accurate auditing is necessary for market integrity

Auditing must be transparent and reliable to ensure the integrity of the Nature Repair Market. The draft Bill requires a ‘greenhouse and energy auditor’ as defined in the *National Greenhouse and Energy Reporting Act 2007*. There is no requirement in that Act or in the present draft Bill for the auditors to possess specialist biodiversity expertise. It is recommended that biodiversity expertise be made an explicit requirement for audit of certificates and projects.

The NRM Committee must have the necessary expertise

The proposed Nature Repair Market Committee is limited to six members. Given the expertise required to assess the type and amount of benefit across the species, regions, and different types of conservation interventions encompassed by the Market, this may be insufficient. The Committee will need access to a wide range of specialist expertise across taxa and geographies, as well as on-ground management expertise, environmental accounting expertise, and relevant Traditional Ecological Knowledge.

Government investment will develop the market

Strong government investment in the developing market will stimulate supply and demonstrate the market’s integrity. This investment should be directed towards model projects with strong biodiversity outcomes rather than simply offering an easier route to compliance with existing biodiversity offset requirements.

Consideration should also be given to regulating mandatory disclosure on biodiversity impacts (positive and negative) by business, as is becoming common in international jurisdictions. This will help incentivise investment in adequate implementation of the mitigation hierarchy, as well as investment in positive benefits through the proposed market.

To discuss or clarify any aspect of this submission, please contact Dr Stuart Barrow, Research and Policy Manager, at Stuart.Barrow@science.org.au.