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Dear Jennifer

## UDIA National Submission – Offsets

Thank you for the opportunity to provide our comments on the proposed content of the Offset Standard (**the Standard**).

Urban Development Institute of Australia (**UDIA National**), is the housing development industry's most broadly representative peak body with more than 2,000 member organisations – spanning top tier global enterprises, consultants, small to large-scale & institutional developers as well as local governments.

Our members deliver the lion's share of new dwellings across the housing spectrum, from affordable housing, through to at-market and master-planned communities for all Australians.

For the purposes of clarity and brevity, we have dealt with both Regulations below.

### Offsets – Overview

As a general comment, Offsets currently represent the majority of delays, costs and disputes with the DCCEEW. Getting the framework right is critical to removing substantial delays in the process.

In particular, clarifying a consistent and logical approach to determining impacts, offset requirements and expert consensus on how to determine if an offset project meets the need for net positive environmental impact.

We welcome the progression of the Environmental Offsets Standard and the Government's commitment to a more consistent and transparent framework under the reformed EPBC Act.

**The Exposure Draft and updated policy position demonstrate strong alignment with key industry concerns raised during consultation, particularly in:**

- **recognising a broader range of offset mechanisms** (including restoration contributions and advanced restoration), and
- **strengthening the role of net gain** and evidence-based decision-making.

**However, material gaps remain in the translation of policy intent into enforceable drafting, particularly where the Standard will operate under a strict "consistent with" test.**

These gaps risk creating:

- assessment complexity and delay.
- inconsistency in application.

- significant commercial uncertainty for project proponents.

This submission focuses on clarifying these issues to ensure the Standard is both environmentally robust and practically deliverable. We note that the key recommendations include:

- Incorporate a consolidated definition of net gain within the Standard.
- Clarify the relationship between net gain and measurable improvement.
- Re-factor the definitions of baseline and Offset activity to allow flexible application across different offset types.
- Establish a nationally consistent, transparent calculator framework.
- Establish clear parameters to differentiate:
  - stabilising a declining threatened biodiversity value and
  - actively improving its baseline trajectory beyond the point of impact.
- Allow a proponent to legally transfer offset management obligations to another suitably bound party.
- Allow for indirect offsets where the priority is equivalent to a direct offset (not necessarily higher).
- Ensure the Standard accommodates circumstances where the relevant baseline is identified before or after the decision date, depending on the offset mechanism.
- Clarify that the conservation outcome should prefer greater conservation outcomes over location within the same area.
- Provide well defined review processes, KPI's and metrics to measure performance of the Offset process.

## Key Issues and Recommendations

### A) Definitions and Core Concepts

#### Issue:

Key concepts, including net gain, Offset activity, baseline, and measurable improvement, remain fragmented across the Act, Standard, policy and future guidance, creating uncertainty in application. Clear definition of items such as net gain vs measurable improvement.

Equally, inclusion of “restoration, recovery and enhancement” after “the required net gain”, means the objective is requiring more than “net gain”

Equally, inconsistent terminology in the Outcomes regarding “recovery or conservation” vs “protected and enhanced” will add confusion and promote disputes.

This is also a problem for the definition of “baseline” and the definition of measurable improvement” that refers confusingly to “current” baseline. See also Principle 4.

## 1. The meaning of net gain remains unclear

**Despite industry concerns, there is no definition for net gain.** This is critical since net gain is the linchpin at the centre of the new framework.

**The suggested definition of "required net gain" and its reference to section 527K of the Act is unhelpful.** If the cross-reference is intended to be a reference to subparagraphs (1)(b) and (2)(b) of section 527K (which refer to prescription in regulations or at the Minister's discretion), then this could be stated for clarity.

Even if this is the case, **allowing only for this current approach for the meaning of net gain leaves too much uncertainty for proponents who need to understand the required net gain well before the point of the Minister's decision.** Prescription in Regulations is unlikely to be a realistic approach in most cases given the number of MNES. We recommend that the opportunity is taken to provide a clear set of sources for defining net gain, that proponents can refer to and have certainty as to what the decision-maker will consider "appropriate". The lack of reference to this longer list of sources in the Act can be overcome by making reference in the Regulations to the proposed definition in the Standards, or by noting that these are the matters that the Minister will consider as evidence of what is appropriate.

**We recommend that a definition for net gain could include the following sources of detail for specific MNES:**

*required net gain means the net gain for the protected matter that is at least equal to:*

- (a) the net gain prescribed for the matter in the regulations;*
- (b) the net gain set out in a conservation planning document for the matter;*
- (c) the net gain provided by an approved State or Territory offset for the same action or class of actions;*
- (d) the net gain calculated by the offsets calculator made available by the department for the purposes of this standard; or*
- (e) in the absence of (a), (b), (c) or (d), the net gain that the Minister is otherwise satisfied is appropriate.*

## 2. Definition of Offset activity – Restoration actions and the use of restoration contribution funds

The definition of Offset activity includes restoration actions and bioregional restoration actions. **The flexibility in the way offset funds are meant to be applied, is not reflected in the Principles.**

The Policy Paper confirms that the Restoration Contributions Holder is supposed to have some flexibility in the way that offset funds are applied, essentially to have regard to the Offset Standard requirements without requiring strict compliance.

For example, the Holder is not to be constrained from delivery of research offsets only where research is identified as the highest priority in a conservation planning document. This flexibility is not reflected in the section 7 – Principles in the draft Standard because restoration actions are included in the definition as if it were any kind of offset activity. If the Standard is to cover restoration actions and bioregional restoration actions too, the flexibility needs be acknowledged within the Standard.

**If the current drafting is retained and significant limitations are placed on the use of non-standard offsets (e.g. research) by proponents, this will severely limit the ability to fund measures** which might be a necessary component of the broader conservation strategy (albeit not necessarily the highest priority).

In these circumstances, the restoration contribution fund restoration actions will play an even more important role in ensuring a more holistic approach is taken to achieving the best conservation outcomes.

Table 1 of Attachment C of the Standard instrument refers to a number of ways funds can be more flexibly applied by the RCH, clearly indicating that more flexible application of the Principles is desirable in some circumstances and expected to provide better outcomes for protected matters.

**With this in mind, it is vital that restoration contribution charges are not priced so high as to be cost-prohibitive. If there are no restoration contribution charges, there will be no way to achieve these better conservation outcomes** in the context of the prescriptive Standard requirements for other kinds of offset activities.

### 3. Objective – Addition of "restoration, recovery and enhancement"

**By adding the words "in a way that contributes to the restoration, recovery and enhancement of that protected matter" after "the required net gain", the objective is requiring something more than a net gain.** This drafting suggests that only a type of net gain – a subset – will be enough, only if it also contributes to the restoration, recovery and enhancement of the protected matter. **This appears to be inconsistent with the policy intent which only requires a net gain.**

With respect to the specific words used, we also note:

- Not all decisions/activities will be able to contribute to the "recovery" of a protected matter. The objective is not limited to the specific location of the impact, so in our view would most likely be read broadly as applying to the protected matter as a whole (e.g. as requiring recovery of a threatened species as a whole).
- See Principle 1 below for comments regarding the word "enhancement".
- It is unclear how "restoration", "recovery" and "enhancement" differ from one another in meaning. If the intention is, that these are similar words that apply to different kinds of MNES – and that all of the words "restoration", "recovery" and "enhancement" are not expected to be relevant to all kinds of MNES at once – then it is inappropriate to use the word "and" which requires all to be evident in a single situation.
- The cumulative formulation "restoration, recovery and enhancement" is inconsistent with similar but different phrases used in the Outcomes (which refers to "recovery or conservation" and "protected and enhanced"), and throughout the Principles (which include various forms of these and other similar words in various combinations, sometimes with "or" and sometimes "and").

Even though the proposed approach to application of the Standards – i.e. the proponent must show consistency with the Principles only – suggests the Objective does not need to be applied strictly to a single action, in our view it is still important that actions are capable of being consistent with the Objective. The broader framework feeds out from the Objective. Page 4 of the Policy Paper notes the intention is that satisfaction of the Principles will "therefore [achieve] the Outcomes and Objective of the [NES]". The Objective must be drafted in a way that is consistent with the policy intent and capable of being achieved, otherwise there will be significant risk of appeal.

We recommend that the words "in a way that contributes to the restoration, recovery and enhancement of that protected matter" be removed from the draft Standard instrument Objective. This will leave a clear statement that a net gain is required, which is consistent with the policy intent. The meaning of net gain should already encapsulate the concept of benefit to the protected matter, without providing additional limitations that may lead to unintended consequences when they are interpreted.

#### 4. Outcomes

Subsection (a) refers to "recovery or conservation" whereas (c) refers to "protected and enhanced". Inconsistent terminology has the potential to cause confusion and disputes over interpretation, particularly where many of the terms are similar. In our view the meaning of "enhanced" is particularly unclear in this context.

Subsection (b) refers to a baseline "at the time of the relevant decision". It is not clear that this timing for assessment of the baseline works for advanced offsets, or potentially approved state or territory offsets, where the measurable improvement that is to be relied on commenced when the offset activity started and not when the approval decision was made.

The meaning is also unclear in the context of an indirect offset – how is the Standard to be applied in the case of such an offset?

We note the definition of "baseline" in the Policy Paper exhibits the same issue. By contrast, the definition of "measurable improvement" refers to "current" baseline and it is unclear what 'current' means in this context.

Subsection (c) still refers to the word "high degree of certainty", despite this term having been replaced with "high degree of confidence" elsewhere in the Standard. The Policy Paper refers to there being a "reasonable expectation...with a high level of confidence". We refer to our comments in our previous submission with respect to use of the word 'certainty' and recommend that "certainty" should be replaced with "confidence".

To avoid an unrealistically high evidentiary threshold and unnecessary dispute, subsection (c) should be amended to align with the Policy Paper and the rest of the Standard by replacing "certainty" with "a high degree of confidence" or equivalent wording.

#### Recommendations:

- Incorporate a consolidated definition of net gain within the Standard as above.
- Clarify the relationship between net gain and measurable improvement.
- Re-consider the implications of including restoration actions and bioregional restoration actions in the definition of Offset activity and clarify the application of the Standard to these offsets.
- Re-factor the definition of baseline to allow flexible application across different offset types as above.
- In s5, delete "in a way that contributes to the restoration, recovery and enhancement of that protected matter" from the Objective.

- Replace varying references and combinations of recovery, conservation, protection, enhancement through the Standard with more consistent terminology and clarification of the differences in meaning.
- In s 6(c), replace "certainty" with "confidence".

## B) Offset Calculator and Quantification

### Issue:

The absence of a defined, consistent methodology for determining offset requirements remains the primary cause of delay and dispute.

Policy commits to future calculators, but these are not embedded in the Standard [20260506\_P...al\_Offsets | PDF]

We note that the Offset calculator work has not commenced as yet, but it is a key component for those implementing the framework in practice and the crucial methodology for resolving delays and disputes plaguing housing projects.

As noted above, Offsets currently represent the majority of delays, costs and disputes with the DCCEE. Getting the framework right is critical to removing substantial delays in the process under the new EPA.

In particular, we need a recalibrated Offset calculator to clarify a consistent and logical approach to:

- determining impacts.
- offset requirements.
- expert consensus on how to determine if an offset project meets the need for net positive environmental impact.

### Recommendation:

- Establish a nationally consistent, transparent calculator framework.
- Incorporate methodology within the regulatory framework (not solely guidance).
- Provide standardised inputs or ratios for common impact types.

## C) Overview Application of Principles to Offset Types

### Issue:

Before dealing with each Principle in turn, we make the following comments on how the Principles will apply to various offset types.

Section 7 provides useful clarification of the sections of the Standard that apply in different circumstances, i.e. a decision to approve an action, a management or authorisation framework, the manner of assessment and a bioregional plan. However, section 7 does not provide clarity for application in the context of different kinds of offset activities e.g. direct, indirect or advanced offsets or restoration contribution actions. The Standard applies a uniform set of principles, despite the introduction of multiple offset delivery mechanisms

### Overall Recommendation:

Include a clear framework or schedule identifying:

- which principles apply to which offset types.
- how principles interact across different delivery mechanisms.

## D) Principle 1 – Feasibility

### Issue:

As noted above in relation to the Objective, **the distinction between recovery and enhancement is unclear.**

Concerns have been raised about the definition of "enhancement" and its integration with a "net gain" model from an ecological perspective. **Clear parameters must be established to differentiate between merely stabilising a declining threatened biodiversity value and actively improving its baseline trajectory beyond the point of impact.**

**The issue is exacerbated by the "high level of confidence" requirement.** A profound challenge emerges when applying these rigid, high-certainty criteria to a broad register of species and ecological communities.

The following are two examples where the Objects and Principle 1 will be near impossible to achieve:

- **Species that are affected by disease or pests**, such as scrub turpentine for which the key issue currently is Myrtle rust disease, or northern bluetongue Lizard for which the key issue is cane toads.

For these species it is likely that **the most effective ecological offset outcome would be funding research or application into disease or pest management.** However, particularly when it comes to research, there will be a lack of clarity as to future outcomes. Without investment in research or alternative pest management techniques, it is likely that the key threatening processes for these threatened entities will continue. **Thus, seeking full certainty for these entities could produce a perverse outcome where investment into research and disease/pest management is discouraged.**

- **Species with lack of certainty are the cryptic species in which we have limited or no scientific information** on such as *Genoplesium littorale*, *Genoplesium baueri*, *Genoplesium insigne*, etc.

These highly specialised and critically endangered Australian terrestrial orchids face a **severe risk of extinction that is profoundly compounded by a lack of fundamental biological and ecological data.** As these cryptic species remain dormant underground as tubers, conservationists lack crucial data

regarding their life expectancy, multi-year emergence intervals, and the exact temperature and rainfall triggers that dictate their highly variable flowering times.

Furthermore, critical knowledge gaps regarding their reproductive biology, specific pollination syndromes, propagation mechanisms, and essential mycorrhizal dependencies mean that current active management is limited to reactive habitat protection and biomass reduction. Ultimately, there are no quantifiable criteria known to achieve true population recovery and guarantee species persistence remains an ongoing conservation challenge.

- To work out how to determine feasibility where there is no information or limited knowledge, Government should consider the following concepts so industry can know how to demonstrate a high degree of confidence on matters considered under section 8, 2(a), (b) and (c). Simply because there is no data available, does not necessarily mean that an offset is unfeasible (ie they satisfy 2(a), (b) and (c)), it is simply that the data is not there for the purposes of satisfying the test for “high degree of confidence”:
  - a. *where such data is structurally absent due to the cryptic or data-deficient nature of the species, research will be considered fundamental for establishing both biological and ecological data required to enable such recovery.*
  - b. *for entities listed on the DCCEEW Threat-Entity Registry where disease or pest management is the primary driver of decline, the allocation of proportional funding to an approved, landscape-scale threat abatement program or targeted medical research initiative identified by the Department to achieve efficiencies of scale.*
  - c. *for highly cryptic, micro-endemic, or data-deficient entities facing extinction risk, the concurrent provision of funded ex-situ genetic and symbiotic conservation insurance, alongside a binding commitment to fund targeted, applied ecological research designed to resolve fundamental biological unknowns and establish quantifiable population recovery criteria.]*

## Recommendation:

It is clear that for diseased, data-deficient or cryptic species we need:

- clear parameters to differentiate:
  - stabilising a declining threatened biodiversity value and
  - actively improving its baseline trajectory beyond the point of impact.
- Adopt the Principle 1 changes outlined above.

## E) Principle 2 – Security

### Issue:

It is important that the **Offset Standard allows a legal agreement securing a landowner's (other than the proponent) or State body's management of offset land to be an "appropriate protection mechanism".**

In these circumstances the proponent should no longer be liable for the management of the offset from that time because the landowner/State body can be held directly liable pursuant to the agreement with DCCEEW.

**Whilst we are supportive of the reference to the approval time period rather than 100 years, to provide greater flexibility, there is a risk that the decision-maker could still apply the 100 year management period by imposing that approval time period in practice.**

We note the example of such an approval time period being imposed on a property development project in WA under an EPBC Act approval. This is a significant concern.

#### **Recommendation:**

The Offset Standard should allow a legal agreement securing a landowner's (other than the proponent) or State body's management of offset land to be an "appropriate protection mechanism".

### **F) Principle 3 – Direct and tangible**

#### **Issue:**

Requiring an indirect offset to be identified as a "higher" priority in a conservation planning document is too limiting.

The purpose of the Offsets Standard is to ensure that the best ecological benefits are achieved by offsets activities.

There are highly likely to be circumstances in which direct and indirect offsets are equally high priorities and there would be significant benefit in a combined offset, or provision of indirect offsets by one proponent to assist the direct offsets provided by another.

#### **Recommendation:**

Amend the Standard Principle 3 to replace "higher" with "high" – allowing for indirect offsets to be used where it is equally high priority to a direct offset.

### **G) Principle 4 – Measurable improvement**

#### **Issue:**

As noted in relation to Outcome (b), **it is not clear that the stated timing for assessment of the baseline, "at the time of the relevant decision", works for advanced offsets, approved state or territory offsets or indirect offsets.**

The **timing for identification of the relevant baseline**, for calculation of the measurable improvement is **not necessarily tied to the date of the decision** and may arise earlier or later depending on the offset mechanism, including for:

- an advanced offset.
- a nature repair market biodiversity certificate. and
- (potentially), an approved state or territory offset.

It is also unclear how the concept of a baseline **operates in the context of an indirect offset**.

The Policy Paper refers to the potential for averted loss actions in limited circumstances, where there is a clear and imminent risk of impact. **It is not clear how the concept of 'clear and imminent' risk is a relevant consideration of Principle 4**, as it is not mentioned in the statutory instrument. **It is also unclear how other Principles should be applied to averted loss offsets, including Principle 5 – Additionality.**

The Policy Paper suggests a different definition of "secure protection" (limited to legal mechanisms) to the term "securely protected" in Principle 2 – Security (which allows for non-legal mechanisms). **The difference in meaning of very similar terms introduces ambiguity that should be avoided.**

### Recommendation:

Clarify by amendment:

- **Baseline:** To ensure there is flexibility in the identification of the timing for assessment of the baseline – clarify that the relevant baseline may be identified before or after the decision date where appropriate for advanced offsets, Nature Repair Market biodiversity certificates and approved state or territory offsets
- Clarify how averted loss offsets and 'clear and imminent' risk are incorporated into Principle 4 and Principle 5.
- Resolve the different definitions of "secure protection" in the Policy Paper and "securely protected" in Principle 2 – Security.

## H) Principle 5 – Additionality

### Issue:

**It is unclear why section 12(3) uses "may" instead of "will"** – it states that an approved State or Territory offset that applies in relation to the same action and the same protected matter "may" meet the additionality requirement, instead of "will" meet this requirement.

**Similarly, a registered advanced restoration action should be taken to satisfy the additionality requirement.** The activity will still need to satisfy other offset Principles and be shown to relate to the specific protected matter etc, however the additionality factor should be taken as satisfied.

The phrase used – **"is not precluded from delivering an additional benefit"** – is too vague. It does not identify the threshold to be met, the evidence required, or the circumstances in which the decision-maker should be satisfied that additionality exists. This creates unnecessary uncertainty for proponents, particularly where advanced restoration actions or approved state and territory offsets are intended to be relied upon with confidence.

### Recommendation:

Clarify by amendment:

- 12(3) replace "may" with "will".
- 12(4) replace "is not precluded from delivering an additional benefit" with "will meet the requirement in subsection (1)".

## 1) Principle 6 – Like-for-like

### Issue:

Although flexibility has been introduced, departure from like-for-like remains overly constrained by reliance on conservation planning documents.

Given the primary aim of the framework is for the offset activities to deliver conservation outcomes, **it is unclear why the limitation in subsection (2)(b) regarding conservation planning documents is needed in addition to the requirement in subsection (2)(a).**

**If it can be demonstrated, with appropriate evidence, that the proposed activity will deliver a greater conservation benefit, the activity should not also need to be consistent with the priorities for restoration set out in a conservation planning document.**

**This is overly limiting and may stifle innovation**, as conservation planning documents cannot consider all potential scenarios or be updated quickly enough to account for new approaches.

The requirement in subsection (2)(b) provides not additional benefit from a conservation outcome perspective. **We recommend that subsection (2)(b) be deleted.** Conservation planning documents could be relied on as evidence that an approach is likely to provide a greater conservation benefit for a specific MNES, by identifying the approach as a priority, but it should not be used as a limiting factor.

The Policy Paper suggests that there should be a hierarchy of three options: (a) like-for-like (b) where strict equivalence cannot be readily achieved, offsets should demonstrate a clear alignment with the attributes and functions being impacted, and (c) greater conservation benefit and consistent with a planning conservation document. **Option (b) does not appear to be provided for in the statutory instrument.**

### Recommendation:

Clarify by amendment:

- that subsection (2)(b) of Principle 6 be deleted.

- Ensure hierarchy option (b) “offsets should demonstrate a clear alignment with the attributes and functions being impacted”, from the Policy Paper is included in the statutory instrument.

## J) Principle 7 – Relevant area

### Issue:

Similar to the principles discussed in the context of Principle 6, **if an offset activity can be shown to provide a greater conservation outcome, inflexible limitations on the location of the offset should not be applied.**

It is expected that in most cases, offsets in the same area are likely to provide the best conservation outcomes. However, if this is not the case in a particular context, it is unclear why there would be any reason not to use the better option, just because an offset activity in the same area is reasonably practicable. In our view, the best conservation outcome should be the primary aim of the offset activity, rather than requiring it to be located in the same area regardless of the conservation outcome.

If subsection (2)(b)(i) and (ii) can be demonstrated by appropriate evidence, undertaking that offset activity in another area should not be a secondary option to subsection 2(a), only available where the same area is “not reasonably practicable”. It should be available as a first priority.

### Recommendation:

- Delete “where it is not reasonably practicable for subsection (2)(a) to be satisfied”.

## K) Principle 8 – Offset commenced prior to impact

### Issue:

Some aspects of Principle 8 need further clarification:

- **The statutory instrument requires that offset activities be “secured and registered” before the impact occurs.** Section 15(3) indicates that a proposed plan and timeframe for securing, managing and registering the offset activity will satisfy the requirement in subsection (1). It is unclear whether this plan must be shown at the date of the approval decision, as evidence that the offset will be secured by the time of the impact, or whether it is sufficient for the plan to be in place at time the impact starts. **Having this plan in place at the time of the impact starting should be sufficient to satisfy Principle 8.**
- **The Policy Paper suggests that secure protections only have to be “demonstrably underway” at the time of the impact starting. This principle is supported.** In practice, **there can be significant delays** in a conservation covenant being placed on title, despite a proponent having done all the paperwork and submitted it to the relevant Government body. This would seem to be a good example of a secure protection that is “demonstrably underway”, which should be permitted to qualify as secure protection, if the proponent has done everything they can and it is just a matter of Government processes for the matter to be finalised. **It is not clear that this concept is incorporated into Principle 8.**

- We note that the discussion in the Policy Paper regarding Principle 8 again refers to the **"secure protection" definition included in the Paper's discussion of Principle 4, which is inconsistent with the concept of "securely protected" relied on in the Standard instrument in Principle 2**, as Principle 2 allows for non-legal mechanisms in some circumstances.
- **The registration process is still to be prescribed. It is unclear what the requirements will be before an offset can be registered.** It will be important to ensure that any flexibility around timing of securing an offset provided for in the Standard, is not effectively negated by an offset having to be secured before it can be registered.

### Recommendation:

Clarify by amendment:

- that having the proposed plan and timeframe for securing, managing and registering the offset activity in place at the time of the impact commencing will be sufficient to satisfy Principle 8.
- that it is sufficient for a legal secure protection process to be "demonstrably underway", (per the Policy Paper); to show that an offset activity is "securely protected" and "secure". This should be satisfied if the proponent has done everything they can and it is just a matter of Government processes for the matter to be finalised.
- Align the current inconsistent meanings for "secure protection" in the Policy Paper and the concept of "securely protected" in Principle 2 of the Standard instrument.
- what steps and minimum criteria must be met before an offset can be registered.

## L) Offset Metrics and KPI's

### Issue:

Industry need Government to frame rules to tell us: how to calculate net gain and impacts for offsets, the documents you want, the information you need and how they impact decision-making.

Offsets currently represent the majority of delays, costs and disputes with the DCCEE. Getting the framework right is critical to removing substantial delays in the process. The primary problem is ill-defined/subjective discussions on impacts/gains, where regulators are not sure how to apply concepts appropriately and consistently.

In particular, it is critical to clarify a consistent and logical approach to determining impacts, offset requirements and expert consensus on how to determine if an offset project meets the need for net positive environmental impact.

For Offsets, there are four vital factors:

1. **Clear environmental definitions in MNES and Offset Standards** with well understood application.
2. **Well understood Offset requirements with an efficient mitigation hierarchy pathway** – many projects simply cannot avoid or mitigate impacts but can offset.
3. **Well defined review processes, KPI's and metrics to measure performance of the Offset process** – accountability & transparency allows refinement of assessments and approvals.

We specifically highlighted in the Offsets inquiry that Government should **confirm that Metrics & KPI's to support proper application/outcomes will be noted in the Standards** (alternatively, if necessary – with the metrics and KPI's to be fleshed out in due course if they cannot be provided).

**Everyone should want clear rules that are applied consistently and ongoing improvement in processes because:**

1. **The new EPBC requires net positive environmental outcomes** – This can only be achieved through approvals of projects – no projects, no environmental improvement.
2. **The rules are complex and require both industry and the Government to understand** (ongoing), what is needed, what can be achieved, what is practical, what is economic and what is holding up assessments.
3. **Once the Act and Standards are in place, the way to improve the process is to ensure there is measurable data on key outcomes** that are indicative of a good process.

**Public metrics and KPI's are the only way to guarantee accountability and transparency for NEPA and business – without them, blockages will become a pressure point that cannot be resolved.**

Currently there is no confirmation of Metrics and KPIs to monitor how the new Offset Standard:

1. should be implemented.
2. identify hold ups/improvements.
3. confirm the balance of environmental economic & social issues.
4. The Key KPI's should deal with all three issues and be publicly available.

### **Recommendation:**

**The following KPI's are indicative examples (only one or two are needed), that could be used to flag applications for review by the Minister where:**

1. Any project RFI's exceed (say) 2 – if the rules work well, there should be none but at most 1.
2. Any project time to approval of 12 months or longer (including stop the clock timeframes).

3. More than 10% of total large scale housing project applications take 12 months or longer.
4. More than 10% of housing projects fail to proceed due to offset funding cost or adverse affordability outcomes from environmental processes.

**Metrics data is currently difficult to come by publicly and should be made available including annual figures for:**

1. Number of projects clear by the Housing Strike Team including time to approval (including time in stop the clock).
2. Applications outstanding with time spent to date and RFI's to date – including those under RFI currently with the proponent. Time should include time in stop the clock.
3. Application Approved & time to approval (broken down by application size) – measured from application date to final approval including time for stop the clock RFI's
4. Number of Houses release by approvals.
5. Number of houses currently in outstanding approvals.
6. List of applications equal or longer than 12 months in approval (taking into account any stop the clock or currently with proponent) – Should be escalated to the Minister for approval.
7. Average number of RFI's per application – there should be more than 2 per application and ideally none if the rules work well.
8. Number of projects withdrawn and reason stated for withdrawal.

We are keen to work with you on these ideas and strategies. **Please let us know when you would be available to workshop our recommendations.**

In the meantime, please do not hesitate to contact me on 0406 454 549 to discuss this submission.

Yours sincerely



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