



Monday, 4 May 2026

Ms Kate Lynch
Environment Policy, Regions and Markets
Department of Climate Change, Energy, the Environment and Water
GPO Box 3090,
Canberra ACT 2601

Dear Ms Lynch

Re: submission regarding issues papers on implementation of the Nature Repair Market to supply environmental offsets

The CEC welcomes the opportunity to provide a submission in relation to the following issues papers:

- Issues Paper: Policy settings to enable the Nature Repair Market to supply environmental offsets (***Supply of Environmental Offsets Paper***);
- Issues Paper: Supporting threatened species and threatened ecological communities in Nature Repair Market projects (***Threatened Species Characteristics Paper***); and
- Issues Paper: Rules to support Market integrity and administration (***Market Integrity and Administration Paper***).

Our comments and recommendations on each of these issues papers are set out below.

Supply of Environmental Offsets Paper

The CEC supports the intent of the Supply of Environmental Offsets Paper, which is to allow the Nature Repair Market (***NRM***) to be used for mandatory environmental offsets. Using the NRM for environmental offsets could give proponents greater flexibility in clearing obligations, including by securing suitable offset outcomes upfront rather than relying on offset fund payments or obtaining offsets on a 'project-by-project basis'. Use of the NRM may also support larger, strategic, landscape-scale restoration, which may result in better biodiversity outcomes.

The CEC considers that the NRM's practical value will depend on providing certainty to proponents regarding their obligations and lowering barriers to entry. We have made a number of recommendations which support these objectives. Our recommendations include: streamlining the Clean Energy Regulator (***CER***) and National Environmental Protection Agency (***NEPA***) approval processes (ideally into a single approval); clarifying the roles of the Restoration Contribution Holder (***RCH***); providing guidance on recognition of NRM certificates for state/territory obligations; and embedding the proposed National Environmental Standard in relation to Offsets (***Offset Standard***), within the various methodologies to avoid inconsistency or duplication of requirements.

Further details are set out below:

- **Streamlining approval process between NEPA and CER**

We understand that the NEPA will be responsible for determining the suitability of a proposed project to meet EPBC Act offset obligations. In addition, the CER will assess the requirements, such as whether the proposed indicators are acceptable. Accordingly, project proponents would need approval from both the NEPA and CER to pursue an offset project under the NRM. Although we understand that the documents required for each approval are intended to be streamlined, there remains a risk of inconsistency between decisions and further delay by dealing with two regulators.

We strongly recommend streamlining the process into a single approval from a single regulator. Alternatively, if the approach of two regulators is retained, then we recommend that proponents are able to submit the relevant materials once and that this information is shared with the lead agency providing liaising with the proponent.

- **Barriers to entry**

An NRM project proponent must commit significant upfront capital and lead time, which many landholders are unlikely to undertake without confidence in returns or some form of security around the future sale of biodiversity certificates. At the same time, developers must carefully time offset commitments (early enough to meet construction requirements, but not so early that project approvals remain uncertain). This challenge is exacerbated by the proposed 5 year lag time before certificates can be issued under the ENV method. Greater clarity is therefore needed on the role of DCCEE in supporting early market development, including mechanisms to reduce timing risk and provide confidence to both supply and demand participants.

- **Role of the RCH**

Under the EPBC reforms, developers can meet their offset obligations via a payment to the RCH. There is uncertainty as to whether the RCH will also purchase biodiversity certificates via the Nature Repair Market to acquit restoration contributions. If so, we recommend providing further detail on how potential market distortion will be avoided (including impacts on liquidity, price signals and private buyers).

- **State and territory offsets**

The Supply of Environmental Offsets Paper notes that state and territory decision makers determine the suitability of NRM projects to meet state and territory offset obligations.¹ We recommend providing further clarity and guidance on this point, such as a presumption that NRM certificates will meet such obligations in prescribed circumstances. We encourage DCCEE to continue prioritising consistency between the Commonwealth, State and Territory approaches, including through bilateral arrangements. Further guidance is requested on how interoperability

¹ Supply of Environmental Offsets Paper, page 3.

will be approached where Commonwealth requirements are more specific than corresponding state arrangements.

- **Offset standard**

We understand that NRM projects need to demonstrate consistency with the principles in the Offset Standard, which is yet to be finalised. In addition, any methodology to support environmental offsets (such as the ENV) must be consistent with the proposed Offset Standard. We recommend that compliance with the methodology should be deemed compliance with the Offset Standard.

Threatened Species Characteristics Paper

The CEC supports the Threatened Species Characteristics Paper's focus on ensuring NRM projects deliver defensible and transparent outcomes for threatened species, including by requiring clear, measurable indicators and robust monitoring that demonstrate genuine biodiversity gains in practice.

The CEC recommends simplifying and clearly delineating the relationship between threatened species characteristics, indicator themes, scoring factors, and threshold pathways to remove duplication, reduce complexity, and ensure consistent interpretation across the framework. It also recommends introducing clear processes and guidance for managing change over time (including indicator amendments, threshold consequences, and recognition of species status) to support scientific adaptability, market confidence, and practical implementation.

Further details are set out below:

- **Simplification and clarification regarding characteristics and indicators**

The Threatened Species Characteristics Paper requires environmental offset projects to apply the Threatened Species Characteristic, while also identifying habitat condition and threat management as indicator themes. These indicator themes overlap with other characteristics in the Biodiversity Assessment Instrument of 'ecosystem condition' and 'impact of threats', we recommend clarifying the necessity and role of indicator themes.

It is also unclear why a separate Threatened Species Characteristic is being developed in parallel with the draft Offset Standard, when this is addressed in section 13 of the Biodiversity Assessment Instrument, with further detail included in the relevant methodology. Overall, greater clarity on the relationship between indicator themes and characteristics is needed to avoid duplication and support workable implementation.

- **Process to amend indicators**

We strongly recommend establishing a clear process for amending indicators throughout a project's life. Despite best efforts, indicators may become unworkable (for example, due to legal changes, feasibility constraints, or evolving scientific understanding). The NRM should explicitly allow for updates, including changes to project areas, indicators, or thresholds. Indicators should also remain aligned with best available science, which is likely to evolve over time.

For instance, an indicator based on pond construction for a frog species may later prove inappropriate, or an indicator tied to controlled burning may become unviable due to regulatory restrictions. In such cases, proponents should be able to revise the relevant indicators. Without a defined amendment process, proponents face significant risk when committing time and investment to projects.

- **Clarity on Threshold Values and Consequences**

The Threatened Species Characteristics Paper states that the ‘threshold value’ (or the point at which offsets are issued) is when the CER is ‘satisfied that the forecast outcome is likely to be achieved’.² Reversals and potential relinquishment requirements are linked to indicators falling below this threshold value. It is unclear what happens if forecast values are not met but indicators remain above the threshold value. Clarification is needed on the consequences in this scenario to ensure the framework is predictable and workable for proponents.

- **Clarification and Role of Scoring Factors**

The proposed scoring factors add complexity and may create confusion between species-level and aggregate project-level scores. Clear guidance is needed on their intended function and practical application. In particular, it should be clarified whether scoring factors are designed to support market functions (such as informing a price premium) or whether they play a role in regulatory assessment (such as determining eligibility for the ‘high confidence pathway’). If scoring factors will inform eligibility decisions, their methodology, weighting, and interaction with other assessment criteria should be explicitly defined.

- **High-confidence benefit pathway vs potential benefit pathway**

We recommend clarifying how the ‘high-confidence benefit pathway’ differs from the Threatened Species Characteristics scoring framework. The requirement that projects generating EPBC Act offset certificates must meet the high-confidence pathway appears to duplicate the Threatened Species Characteristic. It is also unclear whether a project registered under the high-confidence pathway that fails to meet the relevant threshold could instead be assessed under a ‘potential benefit pathway’ and participate in the voluntary market.

More broadly, these concepts may add complexity without clear ecological benefit. Consideration should be given to removing reference to the ‘high-confidence benefit pathway’ and instead ensuring all relevant thresholds are addressed in the methodology, Threatened Species Characteristic and associated indicators.

- **Green tick**

We recommend providing further guidance in relation to the ‘green tick’ including its intended purpose, the criteria and measures required to achieve it, and how it would be presented to buyers. Clarification is also needed on how such recognition would be maintained or updated over time, and what would occur if species status subsequently declines or is no longer observed. In

² Threatened Species Characteristics Paper, page 4.



addition, guidance is required on the implications of any change for market confidence, disclosure obligations, and pricing, including whether adjustment, relinquishment, or notification requirements would apply.

Market Integrity and Administration Paper

The CEC supports strong integrity in offset markets and welcomes the proposed amendments to clarify the definitions of 'significant reversal' and 'equivalence requirements'. The proposed criteria for testing equivalency (in the context of relinquishment equivalence requirements) requires further consideration. In the early stages of the market, sourcing an equivalent certificate may be challenging. We expect there will be a significant delay before there is a sufficiently diverse range of projects (noting that under the enhancing native vegetation (*ENV*) methodology there is a proposed 5 year lag time before any certificates can be issued). We request clarification on whether a 'reasonable endeavours' threshold, transitional arrangements, or other flexibility mechanisms will be introduced, and how proponents will be expected to demonstrate compliance where a strict equivalency match is not available.

The CEC welcomes further engagement with DCCEEW in relation to the NRM. If you have any queries or would like to discuss this submission in more detail, please contact me on erutherford@cleanenergycouncil.org.au.

Kind regards,

A handwritten signature in black ink, appearing to read 'Elise Rutherford', written over a horizontal line.

Elise Rutherford

General Manager, Environment and Planning