**Submission No 11**

# INQUIRY INTO INTEGRITY OF THE NSW BIODIVERSITY OFFSETS SCHEME

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# NSW Government Parliamentary Inquiry into the Biodiversity Offsets Scheme

If we came across a man who every day took a brick out of the walls of his house without considering that eventually the house would collapse, then we would have concern for his mental health. But that is what humans are doing through consumption and pollution of the natural environment upon which our long-term survival as a species relies.

Humans continue to consume nature and the consequences are beginning to be manifested by acceleration of severe climate change events and species extinction. If the current trend continues, the earth will eventually become uninhabitable. The common attitude towards nature as a consumable commodity, which has prevailed since the beginning of the industrial revolution, has led to the current twin emergencies of climate change and species extinction.

The Biodiversity Offsets Scheme sits within the context of this attitude to the human/nature relationship.

As a representative of the Australian Institute of Landscape Architects on the Community Reference Group, which was established to provide external input to the draft Cumberland Plain Conservation Plan (CPCP) for Western Sydney, I am familiar with the discussions around the Biodiversity Offset scheme.

A key component of the CPCP is a program of Biodiversity Offsets that can be purchased for a fee to allow the clearing of remnant Cumberland Plain vegetation for urban and infrastructure development. The offsets are proposed to be achieved by placing biodiversity conservation protection over existing areas of remnant Cumberland Plain vegetation, primarily through Voluntary Stewardship Agreements. A target of 5,475ha of land under conservation protection has been set in the draft CPCP to offset the expected impact of clearing for urban development.

In my opinion the Biodiversity Offset Scheme is based on two flawed assumptions that reflect a widely held attitude towards nature.

Firstly, the assumption that ecological values associated with areas of natural environment can be translated into dollar values and bought and sold in a market system, is a myth.

Even if the biodiversity offsets could be accurately valued, an efficient market for the offsets would rely on a regime of comparable supply and demand, which does not exist. While the demand side could be approximated on the basis of the projected area of vegetation clearing to be carried out for urban development, the supply side cannot be reasonably quantified.

The supply of offsets relies primarily on the establishment of Voluntary Stewardship Agreements with private landowners of areas of remnant native vegetation. However, it is not possible to determine from the draft CPC, how many or if any of these Agreements have been established or what the timeframe would be for achieving a level of supply that matches demand. It is however notable that the clearing of Cumberland Plain vegetation continues to generate demand for offsets.

The failure of the so-called efficient market for biodiversity off-sets has already been demonstrated by the recent incident in Western Sydney that has generated this Parliamentary Inquiry. The State Government purchased offsets from the owners of land that included a director of a consulting company that was advising State Government on the Biodiversity Offsets Scheme. This apparent example of insider trading would indicate a failure of governance of the scheme.

The second false assumption is that ecological systems can be destroyed in one area and then recreated somewhere else to match the complexity and functions of the cleared natural vegetation community. But it is widely accepted by ecologists, based on their research findings, that planting offsets or restoration programs do not provide environmental values equivalent to that of natural vegetation communities that are conserved in situ.

The State Government has allocated $84m to be spent over 3 years to fund the CPCP with a relatively small amount allocated for acquisition of land for conservation. As additional future funding is intended to be generated by Special Infrastructure Contributions from developers, the amount of funding that will be available for new land acquisition and administration of the CPCP will be dependent on the fluctuations in the property market and timing of infrastructure development.

Even if the area of land brought under VSA protection is comparable to the area of remnant vegetation cleared, the overall result would still be a net loss of Cumberland Plain vegetation. It is therefore inaccurate to refer to the CPCP as a 'conservation' plan but rather it is more accurate to call it a 'development enabling' plan.

Given the deficiencies of the Biodiversity Offset Scheme, this independent Parliamentary Inquiry is urgently needed. A number of issues that I suggest the Inquiry address are set out below and summarised at the end of this submission.

Because the economic modelling used to determine the dollar value of offsets is not publicly available, it is not possible to comment on the assumptions upon which the valuation of offsets are based. This lack of transparency needs to be addressed by the Inquiry by obtaining the economic modelling on which the valuation is based and having it independently reviewed by experts to determine its veracity and likely effectiveness in achieving the State Government's stated environmental outcomes.

I would suggest that the Inquiry commission an independent review of the areas of remnant Cumberland Plain Vegetation, including their extent and condition, throughout the areas that are designated for clearing for urban development and infrastructure. Further clearing of remnant Cumberland Plain vegetation should be halted while the review is carried out. The urban planning strategy should then be revised to incorporate the protected remnant vegetation.

Where these remnant areas of vegetation are located on private land, the owners would be compensated to enter a Voluntary Stewardship Agreement to retain and manage the ecological values or the land would be purchased by State Government to manage it for biodiversity conservation outcomes.

In parallel, an Ecological Restoration Program needs to be established with the goal of increasing the extent of healthy Cumberland Plan vegetation under conservation protection in Western Sydney. The ecological restoration and management program needs to have clearly defined annual targets for areas of restoration and protection with a strategy that reinforces the pattern of remnant ecological communities throughout the Cumberland Plain region and forms a major component of the Green Grid throughout the Western Sydney Parkland City strategy adopted by the State Government. Retention and restoration of remnant native vegetation will not only contribute to biodiversity conservation but also to benefit the health and well-being of people living, working and recreating in the Sydney region.

Implementation of the Ecological Restoration Program needs to be adequately resourced in terms of funding, expertise and governance. An effective on-going monitoring program and regular independent expert evaluation of the program also needs to be implemented to provide feedback so that the restoration and management techniques can be refined to improve the effectiveness of the program over time.

The premise upon which biodiversity conservation in the Sydney region is based needs to be re-thought so that a program can be developed that is effective, transparent and sustainable. This needs to include the genuine engagement of individuals with a diversity of knowledge and expertise, including First Nations People, who come to the program with an open mind that is not biased by a presumption that a free-market system is the best answer.

The current economic model, within which the Biodiversity Offsets Scheme operates, is a human construct created by human thought and discussion and it can be changed by human thought and discussion. As Kate Raworth argues in *Doughnut Economics*, there is a need to adapt the economic model so that we invest in all sources of wealth, which include natural, human, social, cultural and physical components, from which all values ultimately flow, regardless of whether they are monetized or not. This will involve rebalancing the roles of the market, the state and the commons economies as a means to achieve sustainable provision of human needs and resilient natural systems. There is an urgent need for a shift in perspective and attitude away from one of consumption and pollution of the natural environment, to one of responsibility for its protection, repair and nurturing so that both human society and the natural systems upon which they depend can survive and prosper together into the future.

While it can be argued that humans have a moral obligation to protect nature for its own sake, this argument has proven to have limited effectiveness within the current market-based economy, which fails to incorporate this perspective on nature. The current market economy incorporates a fundamental distortion that is created by not accounting for the true cost of consuming and polluting the natural environment. The natural environment is treated as a commodity to be consumed at little or no coast, rather than an asset to be managed sustainably by protecting, restoring and nurturing it to generate mutual benefits in perpetuity.

Because national wealth and economic progress are currently measured in terms of goods and services as Gross Domestic Product (GDP), it ignores the cost of consuming and polluting the natural environment. However, the acceleration of climate change impacts and species extinction has exposed the fundamental flaw in the GDP economic metric. The global economy will collapse if nature ceases to function to provide the essential services that humans depend on to survive and prosper. So, a more convincing anthropocentric argument could be that humans and nature rely on each other for their long term survival. This pragmatic perspective is simply one of long-term survival that is stripped of ideological content.

For the world economy to be modified to a sustainable market system, the real value of the natural environment needs to be accounted for in the economic evaluation process. The United Nations Statistical Commission has recognised the need for this shift by adopting the System of Environmental Economic Accounting - Ecosystem Accounting (SEEA EA). The SEEA EA framework provides an integrated and comprehensive statistical framework for organizing data about habitats and landscapes, measuring the ecosystem services, tracking changes in ecosystem assets, and linking this information to economic and other human activity.

The SEEA EA framework, which was adopted in March 2021 by more than 34 countries, including Australia, allows overarching questions to be addressed about the relationship between the economy, society, and the environment and how our well-being and social progress are measured.

In summary I would strongly recommend that the Parliamentary Inquiry address the following key issues:

1. The protection and management of biodiversity values needs to be brought into alignment with the reality that continued human destruction of the natural environment will ultimately result in the extinction of both.
2. To achieve the goal of mutual sustainability the question of "How can remnant vegetation be cleared to allow urban development?" should be re-framed to "How can biodiversity values be retained and restored in the Sydney region while providing adequate land for urban development and infrastructure?"
3. Details of the economic modelling on which the valuation of biodiversity offsets is based should be obtained and an independent review carried out by experts to determine its veracity and likely effectiveness in achieving the State Government's stated environmental outcomes.
4. An independent review should be carried out of the extent and condition of areas of remnant Cumberland Plain Vegetation located within areas of proposed urban development and infrastructure corridors.
5. Further clearing of remnant Cumberland Plain Woodland should be halted and the urban planning strategy revised to ensure biodiversity values are protected and sustainably managed in perpetuity.
6. An Ecological Restoration Program be established, funded and implemented with the goal of increasing the extent of healthy Cumberland Plan vegetation under conservation protection throughout Western Sydney.
7. The principles incorporated in the SEEA EA be taken into account in the process of reviewing the Biodiversity Offset Scheme.

Thank you for the opportunity to make this submission to the Parliamentary Inquiry and I look forward to a positive outcome.

Regards

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