



# NRM Regions Australia Submission on Nature Repair Market Rules

October 2024

Thank you for the opportunity to make a submission to the Department of Climate Change, Energy, the Environment and Water Discussion Paper on the development of legislative rules for the Nature Repair Market.

NRM Regions Australia is the national peak body of Australia's 54 regional NRM (natural resource management) organisations.

In August this year the Australian Government announced its response to the Climate Change Authority 2020 and 2023 reviews of the CFI Act 2011. The government provided 'in-principle agreement' with **Recommendation 13, which proposed for a stronger role, and additional resourcing for regional NRM** organisations to inform the planning and establishment of ACCU projects. The government's response went further than the ACCU scheme - noting that exploration of how this recommendation would be delivered would need to consider '*interaction with the needs of the Nature Repair Market*'.

In this context we raise the value of supporting regional NRM organisations, and leveraging the high-quality information provided through regional NRM planning, to inform Nature Repair Market decision-making. Regional NRM organisations have a key role to play in supporting the development of projects that consider the local environmental, economic and social context. This place-based information can support investment to deliver additional environmental outcomes, avoid perverse outcomes, and reduce risk. For example, consideration of climate change impacts is likely to be a key factor determining the success of Nature Repair Market projects. Regional NRM planning is used to support climate change mitigation and adaptation efforts - this was acknowledged previously through the Climate Smart planning investment, where regional NRMs worked with NCCARF and CSIRO to incorporate climate projections and implications into their regional plans. With adequate resourcing, regional NRM organisations can play a critical role in the establishment and delivery of high integrity Nature Repair Market projects that account for climate risk whilst also optimising landscape-scale environmental outcomes, and delivering economic and social co-benefits for regions.

NRM Regions Australia welcomes the opportunity to make a submission on the Nature Repair Market rules. Our responses to the questions posed in the Discussion Paper highlight opportunities for regional NRM organisations to contribute to planning and delivering nature repair projects that help meet additional government objectives.

## Consultation questions

### Biodiversity Projects

#### Requirements for registration

#### **Should existing projects be eligible to participate in the Nature Repair Market?**

- NRM organisations play a critical role in the development and delivery of biodiversity projects across Australia.
- These projects are developed by NRM organisations in alignment with regional NRM plans and deliver important outcomes for Australia's environment.
- These projects are funded through public, private and philanthropic sources, some of which may align with the market Rules and eligibility requirements. Both the Australian environment and the Nature Repair Market are likely to benefit if sites with existing biodiversity projects are eligible to participate in the market, provided the project proponent can demonstrate the additional activities associated with the Nature Repair Market project are over and above the existing project work, and that other Nature Repair Market eligibility requirements are met. This will help to achieve the following:
  - Projects that may be nearing the end of a management or permanence period, for example some ACCU projects, will have a financial pathway to incentivise their ongoing management for biodiversity outcomes.
  - Existing biodiversity project funding and investment can be leveraged to amplify nature repair at existing and adjacent sites.
  - Areas with significant biodiversity values that may have attracted historic or existing financial support may benefit through additional funding, and also be attractive investment propositions for buyers given the lower restoration costs and potential marketability of the existing values.
  - Many biodiversity projects, including First Nations led projects, have suffered through stop-start government funding. The Nature Repair Market offers opportunities to continue to protect the achievements and nature outcomes of these projects.

#### **Do you agree that each registered project must include activities beyond those required under a Commonwealth, State or Territory law?**

- The integrity of the Nature Repair Market is crucial to its success, and transparent requirements that ensure project activities deliver outcomes above and beyond what would have occurred without the project are a core component of market integrity. Only nature repair projects that can demonstrate activities that are not required under

existing regulations or law should be eligible to participate in the Nature Repair Market.

- It is important that there is a defensible process through which project proponents can demonstrate the additional gains for nature from their proposed activities beyond those required under regulation or law, including supporting documentation to guide the project proposal process, particularly for encouraging landowners to participate in the Nature Repair Market. This may be by way of case study examples, targeted questions in the application, communications collateral, FAQs etc. To enhance accessibility to landholders, these materials would be most useful if grounded in language relevant to the local context (i.e. referencing relevant state laws, regulations and programs).

Information to accompany an application

**Do you agree that the specified information should be mandatory at the application stage**

- We encourage requirements for the provision of information that will deliver integrity to the market and support nature repair. This should be set at a reasonable threshold such that it doesn't overburden agencies that will be consulted as part of the application process, and also encourages market participation and uptake.
- NRM Regions Australia supports the inclusion of information at the project application stage about how the project relates to and considers natural resource management (NRM) and Healthy Country Plans. This will help align Nature Repair Market projects with strategic landscape and catchment-scale biodiversity planning considerations (e.g. pest and weed control efforts, threatened species recovery activities).
- Regional NRM staff are considered the trusted, independent supporters for the development of biodiversity projects across Australia. Resourcing regional NRM organisations to assist proponents as they prepare applications, will:
  - Increase participation in the scheme by providing access to free, independent support;
  - Accelerate peer to peer learning by bringing people together;
  - Increase landscape scale environmental benefits as NRM staff support the development of projects that are aligned with the achievement of NRM plan objectives;
  - Increase social and economic co-benefits aligned with NRM plan objectives.
- Other roles, such as project assessment, could also be undertaken by regional NRM organisations, subject to interest. Exploring, confirming and supporting the role of NRM organisations in this process will be important.

Project plans

**In what ways could the project plan facilitate the registration and implementation of a biodiversity project?**

- A project plan makes it clear to the regulator and the landowner / project proponent what activities are to be undertaken, where on the project site, and when, and by whom, consistent with meeting the objectives of the project.

- An adaptive approach to the management plan is welcome as this would allow for the plan to be updated as the implementation of the project rolls out, helping to achieve nature repair outcomes.
- However, to ensure integrity of the project and the market, it will also be important to ensure appropriate approvals of the updated project plans as changes are made. Key issues to consider when setting the Rules include:
  - the threshold at which plans need updating
  - the process for re-approval
  - who will provide on-ground information
  - who will be approving the changes
- With resourcing, regional NRM organisations could support the development of project plans and advise on adaptive management practices during project delivery. Some regional NRM organisations may also be interested in additional roles, such as assessing and approving changed project plans.

Types of projects unable to participate in the scheme

**Should the listed project types be excluded from the Nature Repair Market?**

- NRM Regions Australia supports the exclusion of projects that are likely to exacerbate or lead to adverse environmental outcomes.
- We support the proposed exclusion from the scheme projects that propose the planting of listed weed species.
- However, it is important to note that there may also be locally significant or emerging weeds or pests that are not listed on State and Commonwealth registers or declared under State or Territory legislation, that are likely to have significant adverse environmental impacts.
- NRM organisations are well placed to advise on these matters to assist both the project proponent and regulator. Regional NRM organisations may require additional resourcing to provide this advice.
- NRM Regions Australia supports the exclusion of land that has been subject to illegal clearing or draining from market participation, provided advice has been sought from an appropriate agency in making this determination, and that a reasonable timeframe is applied such that subsequent landowners are not unfairly excluded from market participation and nature repair.

Transitioning for varied or ceased methods

**Should registered projects be required to transition to new or varied methods?**

- NRM Regions Australia agrees that building in a mechanism to enable variation to methods can be important for ensuring methods are effective and delivering nature repair objectives.
- However, within this it is important to be aware that varying or ceasing methods may have a dampening effect on participation in the Nature Repair Market due to the uncertainty it could create for both the proponent and purchaser. The threshold for a new or varied method needs to be set at an appropriate level to deliver nature repair outcomes and market certainty.

- Where the Regulator determines that there is a clear need for the cessation or variation of the method, it is important that projects receive sufficient support to transition to the new or varied method.

## Biodiversity certificates

### Content of a Biodiversity Certificate

#### **Do you agree with the proposed content of the biodiversity certificate?**

- NRM Regions Australia would support including the NRM region relevant to the project site on the certificate.

### Project attributes

#### **What specific project attributes should be included on a Biodiversity Certificate?**

- No specific comment on the proposed project attributes to be included on the certificate.

## The register

### Project information on the register

#### **What specific project attributes should be included on the Register?**

- The NRM region (or regions) relevant to the project site should be included in the project attributes on the Register.
- As per the requirement for carbon projects under the CFI Act, the Register should also include a statement on how the nature repair project helps address NRM plan objectives ([see CFI Act s168 \(ja\) \(ii\)](#)).

## Assurance and notification

### Category A biodiversity project reports

#### **Do you agree with the proposed content for Category A biodiversity project reports?**

- It is our understanding that the purpose of the Category A reports is for the application for issuance of a certificate, and for ongoing assurance of the certificate against project activities and outcomes.
- In reference to the proposed approach to Category A biodiversity project reports, it is unclear whether “the biodiversity outcome for the project” means “the intended/anticipated biodiversity outcome from the project”, or “the biodiversity outcome achieved to date” for the project”, or both? We would appreciate clarification of this point.
- We propose that the baseline condition of the project area be included for all reports, as well as the condition at the last reporting period. Throughout the life of the project,

the condition will vary due to both the project activities and natural events. Including both baseline condition and stated condition as per the previous report ensures there is a clear history for the assessor to understand the long-term trend of ecological condition at the project site, and how that relates to the outcomes for the project, relative to the starting point.

- Consideration of the content of Category A biodiversity project reports should consider the compliance and administrative burden and cost for project proponents, the regulator, and other organisations, including regional NRM organisations that may be involved in preparing and assessing these reports, balanced with ensuring market integrity and transparency.

#### Category B biodiversity project reports

##### **Should a Category B biodiversity project report be required every 5 years?**

- It is our understanding that the purpose of Category B biodiversity project reports is to provide assurance of project activities and compliance with the method before a certificate application is made.
- Any consideration of the timing or content of Category B biodiversity project reports should consider the compliance and administrative burden on project proponents, the regulator, and others, including NRM organisations involved in preparing and assessing these reports, balanced with ensuring market integrity and transparency.

#### Audits at the time of certificate issuance

##### **Do you agree with the proposed requirements and contents of an audit report at the time of certificate issuance?**

- NRM Regions Australia supports the use of audits as an important component of market operations, assisting in the transparency and integrity of projects and certificates.
- The contents of any audit report should be kept to a minimum set that provides assurance to market participants of project integrity.

#### Audits to accompany biodiversity project reports

##### **What factors should determine the number and timing of audits for Category A or B biodiversity project reports?**

- Project audits are an important part of ensuring market integrity- when managed consistently and transparently audits can benefit all market participants.
- Clear rules around the number of audits and associated processes is required to ensure participants understand their responsibilities prior to proposing a project.
- The benefit, cost and burden of audits on market participants should also be considered in the context of the value and/or size and complexity of a project.
- Streamlined auditing processes could be enabled for smaller, low risk projects- this approach has been adopted for ACCU projects that are <200ha under the Reforestation by Mixed Species Environmental or Mallee Plantings method.

**Should the CER have authority to set additional audits requirements, or should these be limited to proponent consent?**

- Yes - though these audits must be undertaken at the Regulator's expense.

**Under what circumstances should the CER require an audit with the next biodiversity project report?**

- Setting clear triggers for audits in the Rules will promote consistency and give certainty to market participants. However, should concerns around project integrity arise, the CER should have the powers to require additional audits (at their expense) to ensure community and investor confidence.

Notification - significant reversal

**Do you agree with the proposed definitions of significant and not significant reversals of biodiversity outcomes for notification?**

- Setting a clear threshold for a significant reversal that triggers a notification requirement is important for providing certainty to all market participants.
- The proposed definition of a not-significant reversal requiring notification in its current form doesn't fully account for the different values that may be present across a project site nor fully explain the risks. For example: if the reversal is less than 5% of the total project area, it may still have the potential to have a significant impact if it has occurred in an important part of that site central to the project outcomes, such as a core component of threatened species habitat for feeding or breeding.
- In addition, what constitutes a 'short period of time' must be defined in the Rules, given the potential for highly varied interpretations.
- It is also important that whoever makes the judgement about whether or not the reversal event is significant is appropriately qualified and independent.

Thank you for the opportunity to provide this submission. We would be happy to appear before the committee to discuss these points further. Please direct enquiries to NRM Regions Australia CEO Dr Kate Andrews at [kate@nrmregionsaustralia.com.au](mailto:kate@nrmregionsaustralia.com.au) or 0403 604 823.

## About NRM Regions Australia

Our members work with land managers, diverse groups and industries across Australia to manage our land, water, coast, plants and animals for the benefit of people, environment and industries.

Regional NRM organisations have been leading and delivering projects that benefit biodiversity for over 20 years. Our members plan, partner, and deliver programs that support healthy and productive land, viable communities and sustainable industries. They work from the paddock to the regional scale to address issues that require a landscape perspective. This includes through informing and supporting on-ground conservation and environmental restoration programs, delivery of programs to build community capacity in NRM, and

engagement with governments and other stakeholders on issues requiring a broader perspective, such as management of biosecurity risks. All regional NRM organisations have a regional NRM plan that describes the NRM priorities for that region.