



## Submission from Darebin Climate Action Now on Environmental Offsets Standard

Darebin Climate Action Now (DCAN) is a Victorian not-for-profit organisation of residents in the Cooper federal electorate concerned about global warming and our governments' continuing inadequate responses to this threat. For almost two decades we have educated ourselves and members of our local community about the causes of, and appropriate responses to, the climate emergency. We have well over 4500 supporters.

We submit that the revised EPBC Act and this draft National Environmental Standard fail to adequately recognise the inseparable and reciprocal relationship between nature and climate. Climate change is a critical driver of ecological degradation and species extinction, through both extreme weather events such as floods, fires, droughts and extreme heat, and through slower-acting climate changes such as sea level rise, soil salination and ocean acidification. In turn, environmental degradation—particularly deforestation, land clearing and ecosystem loss—exacerbates climate change by increasing surface temperatures and reducing the capacity of natural systems to absorb and store carbon. The extraction, processing and combustion of fossil fuels are amongst the major contributors to greenhouse gas emissions. These emissions have well-established, cumulative impacts on ecosystems and species, including Matters of National Environmental Significance. We therefore believe that National Environmental Standards, including the Environment Offsets Standard, must take impacts on climate change into account.

We recognise that the intent of the recently reformed EPBC Act is the provision of sustainable protection to our precious and unique fauna and flora. The Samuel Review found that offsets often become the default rather than the last resort, meaning proponents too often go straight to offsets without fully exhausting avoidance and mitigation options. We are pleased that the new EPBC Act requires proponents to follow the mitigation hierarchy, with offsets only considered after all possible avoidance, mitigation and repair strategies have been adopted. Further, we are pleased that the Offsets Standard can only be considered by the Minister where the impact to a protected matter is determined to be “not unacceptable” and can be compensated for under the EPBC Act and Regulations.

However, we are dismayed that there is virtually no recognition of climate change (driven by emissions from fossil fuel projects and other activities) as either as a driver of ecological damage, or as a result of destruction of the natural environment (and hence threatening future environmental damage), in the EPBC Act and the draft Standards. We believe that climate change must be taken into account in each of these.

**An important recent paper published in *Nature* nullifies the argument that the environmental and climate impacts of the emissions from large fossil fuel projects**

**cannot be assessed and therefore can be ignored**<sup>1</sup>. Taking Scarborough’s offshore gas project as an example, it shows how the consequences of the additional warming from the emissions from Scarborough’s offshore gas project emissions include additional thermal exposure in the Great Barrier Reef Marine Park resulting in an additional 16 million coral colonies lost in every future bleaching event on the Great Barrier Reef. (The paper also models consequences for human life and wellbeing which, while not directly relevant to the NES, are highly significant at a societal level).

The findings of this paper lead to the conclusion that the EPBC Act and its instruments should include a mechanism to require assessment of whether a project should proceed given its projected *climate impacts* on the natural environment. Given the findings of the recent National Climate Risk Assessment and the opinion of the International Court of Justice, this should be a strong imperative for the Albanese Government. In the context of the draft Environmental Offsets Standard, it leads to the question: “**What ‘effects’ need to be offset?**”. Unless these effects include climate-related impacts, the Act, and this Standard, will not be providing adequate protection to our environment.

**Recommendation 1: Clearly specify, in the Act and in each Environmental Standard, that project proposals must include an assessment of climate-related impacts and their flow-on impacts on the natural environment, and what measures will be taken to mitigate these.**

Besides this critical omission, we in DCAN believe that the Environmental Offsets standard must be outcomes-based, clear and enforceable. We do not believe the current draft meets these requirements, failing to provide the strong, enforceable protections needed to stop further damage to Australia’s environment, or to prevent the offsets system from becoming a “pay-to-destroy” scheme. As drafted, the standard appears too weak and discretionary, which risks inconsistent decisions and poor outcomes for nature and communities.

In particular:

- *The limits to offsetting are not recognised.* The standard fails to acknowledge that some protected matters, including endangered and critically endangered species and ecological communities, may be too vulnerable for offsetting to be appropriate. There is a power for the Minister to make a declaration for species which cannot be offset – this declaration should be made concurrently with the Offsets Standard.

**Recommendation 2: Create a declaration alongside the Standard specifying that some species and ecosystems cannot be offset, including impacts on endangered and critically endangered species and ecosystems.**

- As drafted, the standard allows damage to one type of habitat to be offset by investment in a different ecosystem, weakening the purpose of the offsets scheme, which should *require like-for-like outcomes*.

**Recommendation 3: Introduce stronger upfront restrictions on the use of restoration contribution charges, including a requirement to confirm, before approval, whether a suitable like-for-like offset is genuinely available.**

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<sup>1</sup> Abram, N.J., Maher, N., Perkins-Kirkpatrick, S. *et al.* Quantifying the regional to global climate impacts of individual fossil fuel projects to inform decision-making. *npj Clim. Action* 4, 92 (2025). <https://doi.org/10.1038/s44168-025-00296-5>; <https://www.nature.com/articles/s44168-025-00296-5>

- *Weak wording* risks inconsistent application and undermines enforceability. For example, the draft states that decision-makers “should” apply the principles, rather than requiring that they “must” do so. Decision-makers only need to “have regard to” the standard or be “satisfied” their decisions are “not inconsistent with” it.

**Recommendation 4: Rewrite each principle to be outcomes-based and enforceable. In particular, replace “should” with “must” throughout the standard.**

- The new environmental offsets scheme includes “*payment in lieu*” offsets which allow projects that will have significant negative impacts on nationally important environmental assets to be approved even when genuine offsets for these impacts are not available. Instead of restoring or protecting equivalent habitats, companies can pay “restoration contributions” into an offsets fund. We are concerned that the offsets scheme risks becoming a “pay-to-destroy” system and do not believe the draft standard includes adequate safeguards to prevent this. Ambiguous framing creates uncertainty about whether the fund-holder (the body responsible for spending money paid into the offsets fund) is bound by the principles of the standard. This raises the risk that contributions may not be invested in accordance with the standard, with no clear mechanism for enforcement.

**Recommendation 5: Ensure the fund-holder is bound by all principles and requirements in the Environmental Offsets Standard in administering and spending offset funds, to ensure it does not become a “pay-to-destroy” scheme.**

Thank you for the opportunity to make this submission.



Ann Sanson (Convenor) on behalf of DCAN  
[darebincan@gmail.com](mailto:darebincan@gmail.com)  
0408 948 811

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