



'The Nature Repair Market Bill will do nothing to stop this state/federal government authorised vandalism of rare species forest habitat and carbon pollution of the atmosphere but may well be used to excuse it.'

Photo by Matthew Newton.

Nature Repair Market Bill Submission

March 2023

Executive Summary

The Bob Brown Foundation rejects the premise that establishing a Nature Repair Market is an ecologically effective, permanent, transparent, accountable way to halt and reverse biodiversity loss and environmental decline in Australia.

A Nature Repair Market is an extreme expression of failed neoliberal economics.

As George Monbiot notes, there has been 'the development of what could be called the Natural Capital Agenda: the pricing, valuation, monetisation, financialisation of nature in the name of saving it.' It does not work. No evidence has been provided that the proposed Nature Repair Market which encapsulates all of these features will halt or reverse decline whereas considerable evidence exists of similar markets failing and resulting in further biodiversity loss, double dipping, rorting and poor governance.



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As Clive L. Spash notes in his paper, *Bulldozing Biodiversity: The Economics of offsets and trading-in Nature*, *Biological Conservation* 192 (2015) 541–551

Trading biodiversity using offsets is rapidly becoming part of the resulting push for market governance that is promoted as a more efficient means of Nature conservation. In critically evaluating this position I argue that offsets, along with biodiversity and ecosystem valuation, use economic logic to legitimise, rather than prevent, ongoing habitat destruction. Biodiversity offsets provide a means of commodifying habitat for exchange. They operationalise trade-offs that are in the best interests of developers and make false claims to adding productive new economic activity. Contrary to the argument that economic logic frees conservation from ethics, I expose the ethical premises required for economists to justify public policy support for offsets... The overall message is that, if conservationists continue down the path of conceptualising the world as in mainstream economics they will be forced from one compromise to another, ultimately losing their ability to conserve or protect anything. They will also be abandoning the rich and meaningful human relationships with Nature that have been their *raison d'être*.

The Nature Repair Market Bill's fundamental flaw is that it anticipates a biodiversity offset market based on the idea that 'Nature has to be captured and placed in the care of the financial sector which can unbundle ecosystem services so they can be individually traded...If there is one thing we know about ecosystems, and we know it more the more we discover about them, it's that you cannot safely disaggregate their functions without destroying the whole thing. Ecosystems function as coherent holistic systems, in which the different elements depend upon each other. The moment you start to unbundle them and to trade them separately you create a formula for disaster.'

<https://www.theguardian.com/environment/georgemonbiot/2014/jul/24/price-nature-neoliberal-capital-road-ruin>

The Foundation argues that the urgency of the Climate and Biodiversity Emergencies and the 6th wave of extinction demand direct and effective Federal Government action. New Biodiversity targets underpinned by legislation, regulation, and direct investment to protect functioning ecosystems and restore degraded ones in addition to setting strong emissions reduction targets to drive decarbonisation are essential and consistent with the UN Biodiversity Convention Post 2020 Framework to which Australia is a signatory.

Strong new environment protection legislation with clear enforcement and compliance provisions with accompanying regulation to end land clearing, native forest logging, over extraction of water and prohibiting new or expanded coal and gas would be a good start and, essential and urgent if Australia is to lead the rest of the planet in avoiding devastating climate change and an extinction catastrophe. Investment via grant funding in addressing the many related issues like alien invasive species and ecosystem restoration as well as management of protected and restored areas would provide immediate direct benefits and create employment opportunities.

Recommendation:

The Nature Repair Market Bill should be withdrawn and discontinued.

Establishing and operating a Nature Repair Market is bad policy, a waste of taxpayer funds and will maintain the state and trend of the environment in Australia as poor and deteriorating.

1. The Government's key findings of the 2021 State of the Environment report are:
 - Overall, the state and trend of the environment of Australia are poor and deteriorating as a result of increasing pressures from climate change, habitat loss, invasive species, pollution and resource extraction. Changing environmental conditions mean that many species and ecosystems are increasingly threatened. Multiple pressures create cumulative impacts that amplify threats to our environment, and abrupt changes in ecological systems have been recorded in the past 5 years.
 - The Australian Government's 2015 Threatened Species Strategy 5-year action plan achieved partial success by improving the trajectories of 24 priority species by 2020, but many did not show improvements and, overall, the number of listed species has grown by 8% since 2016. The number of listed entities will increase substantially in coming years as a result of the 2019–20 bushfires.
 - Our inability to adequately manage pressures will continue to result in species extinctions and deteriorating ecosystem condition, which are reducing the environmental capital on which current and future economies depend. Social, environmental, and economic impacts are already apparent.
2. Rapid government intervention and investment is needed to reverse this trend. To protect Australia's environment and to maintain and restore ecosystems and species that depend on them, the Government must immediately set targets and goals for biodiversity protection and restoration consistent with Target 1-8 of the Post 2020 Biodiversity Framework to which Australia is a signatory; stop further harm through regulation; and provide financial assistance through grant funding for protection and restoration. These are proven methods whereas markets have failed, facilitated business as usual and extended the life of destructive processes. The fact that the biodiversity gains under the proposed legislation can be reversed after 30 years is a case in point. Permanency must be the goal even though the extreme weather events of global heating will likely mean serious damage to ecosystems and species. This factor alone will undermine any market confidence in the integrity of the certificates.

3. There is no global precedent. No other country has attempted a voluntary biodiversity market on this scale so there is no evidence that it works to protect biodiversity. As Yung En Chee, Senior Research Fellow, Environmental Science, The University of Melbourne, says, ' No other country has launched a large-scale voluntary biodiversity credit scheme... In showcasing two decades of practice of voluntary biodiversity credits, the World Economic Forum only mustered four examples. None of them have detail on scale, value, or improvement to the environment.
4. There is no evidence to support the idea that it is ' beyond' the Government to reverse biodiversity loss and decline in Australia. 'Beyond' is used as a monetary measure but it reflects the Government's priorities and choices. Ending fossil fuel subsidies would free up \$11billion annually.

In, 'Financing Nature: Closing the Global Biodiversity Financing Gap' report by Paulson Institute, The Nature Conservancy & Cornell Atkinson Centre for Sustainability highlights that:

- reform of harmful subsidies as the SINGLE biggest opportunity to close the biodiversity funding gap of ~US700 billion per year and
- domestic budgets & tax policies are flagged as the LARGEST mechanism for increasing capital flows into biodiversity conservation.

In contrast, biodiversity offsets, green financial products, carbon markets are relatively small potential sources of funding.

5. There is no evidence that the development of tradeable certificates is an effective method of protecting or restoring biodiversity.
6. Nature is a public good and there is no evidence that Biodiversity markets, voluntary or otherwise serve the public good. They are complex, inefficient, expensive and have universally failed wherever they have been implemented. NSW and Victoria are cases in point. The Auditor General's report found Victoria "is not achieving no net biodiversity loss from native vegetation clearing on private land".

In New South Wales, a Parliamentary Inquiry found the schemes even worse. It lacked a clearly defined objective so no measurement of success was possible, and the inquiry revealed non-delivery, double-dipping, conflicts of interest and potential insider trading.

Even the McKinsey report which the Federal Government cites as supporting a voluntary market acknowledges that the bulk of offset markets depend on Governments regulating to force business to comply rather than voluntary markets.

Even then they fail. Australia's water market is a case in point.

7. The Government argues, with no evidence, that the voluntary market will facilitate private sector investment. But the market is untested and very likely to be overestimated. There is no demand for Biodiversity certificates in a voluntary market. The biggest buyer will be the Commonwealth. For what purpose will the Commonwealth use these certificates? The clear intended, but unstated, use is for offsetting proposed corporate destruction of biodiversity under the EPBC Act. A Nature Repair Bill must prevent, not facilitate biodiversity destruction. It is far quicker, more accountable, and transparent for the Commonwealth to grant the funds to biodiversity conservation projects, rather than to allocate the funds through a complex market which lacks transparency and integrity, unless there is another agenda.
8. As the Australia Institute points out, 'The establishment of voluntary tradeable biodiversity certificate market opens the door to a biodiversity 'offset' market in Australia. The loopholes, delays, lack of transparency and failures of state-based biodiversity offsets have already been widely publicised.

One particularly troubling loophole that the scheme may facilitate 'double-dipping' of both biodiversity and carbon offsets.' Furthermore, the integrity standards are not even robust.

9. There is no doubt that the Safeguard Mechanism's enabling of new coal and gas mines and fields together with 100% offset provision will drive a market for the creation of more offsets and carbon credits as that will be cheaper than decarbonisation especially since the government will cap the price of credits. The next logical step is to permit Biodiversity certificates issued at the project level to be converted to carbon credits and enter this offset market. The Government's press release stated, when the market was announced in August 2022, 'As companies look to invest in carbon offsetting projects like tree planting, we need to make sure there is a path for farmers and the environment to benefit.' If it is not intended that an offset market for biodiversity certificates be developed, then biodiversity/ biocarbon offsets under EPBC and/or the Safeguard Mechanism, or any other legislation or regulation need to be ruled out now.
10. Science is clear that it is not possible to offset new and additional fossil fuel geo carbon emissions with biocarbon. But the Government has already refused to accept the science. Why? What is the scientific basis of the Government's argument that black geocarbon and green biocarbon are fungible? The problem will be exacerbated with the Safeguard Mechanism but will be made worse again if the Safeguard Mechanism is linked in any way with the Nature Repair Market.

11. The whole structural complex edifice to consult, establish, regulate, measure, certify, contract, trade, report, monitor, account, audit, enforce and administer the Nature Repair Market is deliberately created to be expensive, opaque and is open to major errors, nepotism, and corruption. The Clean Energy Regulator has a poor record overseeing the carbon market as the identification of fraudulent HIR offsets and generous baselines, by ANU scientist Andrew Macintosh has demonstrated. Whilst Professor Ian Chubb's review gave these offsets a clean bill of health, his own rationale for doing so remains hidden. He provided no evidence for his findings. But Professor Macintosh stands by his assessment that:

"People are getting credits for not clearing forests that were never going to be cleared, they are getting credits for growing trees that are already there, they are getting credits for growing forests in places that will never sustain permanent forests and they are getting credits for operating electricity generators at large landfills that would have operated anyway."

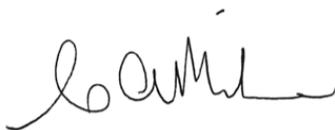
<https://www.theguardian.com/environment/2022/mar/23/australias-carbon-credit-scheme-largely-a-sham-says-whistleblower-who-tried-to-rein-it-in>

12. Giving the Clean Energy Regulator control of a Biodiversity voluntary or offset market is a recipe for failure. Such a market is conceptually and operationally much harder to develop and oversee than even the carbon market which they have already failed to govern to deliver climate or carbon integrity. Nature is a complex interrelated web of systems which cannot be unbundled. The current appointees have no expertise in ecology and are unqualified for the role.

13. In effect by resorting to a market based mechanism to try to save Nature, we are saying "because our opponents don't share our values and they are the people wrecking the environment, we have to go over to them and insist that we're really in their camp. All we care about is money. We don't really care about nature for its own sake. We don't really believe in any of this intrinsic stuff. We don't believe in wonder and delight and enchantment. We just want to show that it's going to make money... In doing so, we destroy our own moral authority and legitimacy".

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The Bob Brown Foundation would add, we destroy the environment at the same time.



Christine Milne

Patron, Bob Brown Foundation



Bob Brown

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