



15 September 2025

Dear Commissioners

Re: Submission to the Productivity Commission on the Interim Report: Investing in Cheaper, Cleaner Energy and the Net Zero Transformation

The Nature Conservancy (TNC) welcomes the opportunity to provide feedback on the Productivity Commission's interim report Investing in Cheaper, Cleaner Energy and the Net Zero Transformation.

TNC is a global environmental non-profit non-government organisation working to create a world where people and nature can thrive. Founded at its grassroots in the United States in 1951, TNC has grown to become one of the most effective and wide-reaching environmental organisations in the world. Thanks to more than a million members and the dedicated efforts of our diverse staff and over 400 scientists, we impact conservation in 81 countries and territories: 40 by direct conservation impact and 41 through partners.

Here in Australia, we have supported conservation efforts across more than 160 million hectares and remain focussed on protecting our thriving ecosystems through a scientific, collaborative approach. TNC's Australia program was formed in 2002, with our projects serving as living laboratories where new ideas to protect nature are tested, refined and perfected. We engage businesses, governments, other NGOs, communities and individuals to deliver on the ground results and work to change the way society values our natural resources.

We support the overarching goal of achieving net zero emissions in a cost-effective, timely, and environmentally responsible manner. Our submission responds particularly to the Commission's recommendations on speeding up approvals for new energy infrastructure and the use of offsets – including the integration of the Nature Repair Market (NRM) and biodiversity credits into clean energy policy frameworks.

Speeding up Approvals – Ensuring Environmental Integrity

Draft recommendation 2.1. Reform national environment laws

We support the Commission's emphasis on reforming national environment laws to expedite appropriately located clean energy infrastructure but stress the need to maintain high-integrity biodiversity outcomes. Any proposed priority assessment processes for renewable energy projects should retain thorough environmental review, not fast-track at the expense of ecological safeguards.

National Environmental Standards

- TNC strongly supports the introduction of clear, enforceable national environmental standards as part of broader EPBC Act reform, consistent with the Samuel Review and the Government's Nature Positive Plan.
- These standards must ensure projects align with no net loss and net gain biodiversity principles, integrating measurable biodiversity outcomes into all major approvals



Regional Planning & Renewable Energy Projects

- We support regional planning not just for Renewable Energy Zones (REZs), but for land and seascapes where large-scale development that could damage the environment is proposed. This must include robust early biodiversity mapping to avoid high-value conservation areas and also to clearly direct proponents to areas where appropriate development can occur and therefore approvals can be expedited.

Draft Recommendation 2.2: Specialist Strike Team

- A clean energy “strike team” must include ecological assessment and restoration expertise and capacity to assess any offset proposals against new National Environmental Offsets Standards.

Use of offsets and the Nature Repair Market

The interim report rightly acknowledges that *“offset schemes have been criticised for failing to adequately compensate for environmental harms. For example, proponents and the NSW Biodiversity Conservation Fund have struggled to find like-for-like biodiversity credits due to a lack of supply, and many stewardship sites were not being monitored to assess if they were delivering adequate environmental gains.”*

The interim report proposes more “efficient” offsetting, potentially including contributions to a Government offsets fund, raises both significant risks and opportunities. In particular, there is a need to clearly distinguish between:

- Offsetting as a regulatory tool to compensate for residual environmental harm after all avoidance and minimisation measures have been exhausted; and
- The voluntary nature repair as a proactive investment in biodiversity recovery, not tied to environmental damage elsewhere.

Blurring these two purposes risks undermining both. Efficiency in offsetting must not come at the cost of biodiversity integrity and voluntary markets must not become a backdoor for facilitating environmental harm. Without clear safeguards, there is a real danger that efforts to streamline approvals could erode public trust and weaken biodiversity protections at a time when stronger action is needed to meet national and global nature goals.

Australia has committed to protecting 30% of its land and sea by 2030 and halting biodiversity loss under the Kunming-Montreal Global Biodiversity Framework. Any reforms to offsetting or nature markets must be aligned with these commitments, ensuring that environmental approvals contribute to – rather than compromise – the achievement of Australia’s 30x30 target and zero extinctions goal.

TNC Position on Biodiversity Offsets

- Offsets must be a last resort, applied only after avoidance, minimisation, and restoration measures are exhausted in the impacted project area.
- They must be government-administered, science-based, and consistent with the mitigation hierarchy – with strict like-for-like requirements, permanence, and robust monitoring.

- Offsets must not be used to justify or facilitate broad-scale biodiversity loss for energy projects.

Nature Repair Market Integration

TNC strongly discourages using the voluntary Nature Repair Market as a mechanism for compliance-based biodiversity offsets. This would be inconsistent with the stated objects of the Nature Repair Market which are focused on improving and restoring nature, not compensating for environmental harm elsewhere.

The Nature Repair Market was designed to incentivise voluntary investment in biodiversity, not to facilitate land clearing or other forms of environmental damage through offsetting. Using voluntary biodiversity certificates for compliance purposes risks undermining the market's integrity, distorting its purpose and eroding public trust.

Safeguarding Integrity in Approvals in any Government Administered Offsetting Fund

TNC does not support the establishment of a government administered offsetting fund. If a Government offsets fund is pursued, it must be designed to uphold the highest standards of transparency, integrity and ecological effectiveness. Specifically:

- A Government offset fund must be a tool of last resort, used only after all mitigation hierarchy steps have been exhausted and must contribute meaningfully to Australia's biodiversity recovery.
- Governance must be independent, science based and publicly accountable, with oversight from a qualified advisory body.
- Fund allocation must be guided by national biodiversity priorities and aligned with Australia's commitments under the Kunming-Montreal Biodiversity Framework and the 30x30 target.
- Proponents must pay a significant risk premium to reflect the transfer of risk to government and to ensure long term stewardships.
- Reporting must be transparent, with publicly accessible data on offset performance, location and ecological impact.
- First Nations leadership must be embedded and resourced from the outset, with dedicated funding to support Indigenous-led conservation and benefits.

The establishment of a fund must not create perverse incentives, delaying conservation action until offset methodologies are in place, or treating financial contributions as a substitute for genuine avoidance and minimisation of environmental harm.

To ensure legitimacy and public trust, the design of any such fund must be subject to transparent consultation with stakeholders – including scientists, conservation organisations, First Nations groups, and the broader community.

Recommendations to Strengthen the PC's Proposals

To ensure that environmental approvals and offsetting reforms deliver high-integrity biodiversity outcomes, we recommend the Productivity Commission:



1. Explicitly link environmental approvals reforms to measurable biodiversity outcomes through national standards and alignment with Australia's 30x30 target and the Kunming-Montreal Global Biodiversity Framework.
2. Clarify offset governance – ensuring offsets are:
 - a. used as a last resort in clean energy approvals,
 - b. meet robust biodiversity integrity criteria,
 - c. are transparently reported, and
 - d. are linked to national biodiversity targets regardless of whether the proponent delivers the offset or outsources it to a third party (including via payments into an offset fund).
3. Safeguard the Nature Repair Market's integrity
 - a. Protect the integrity of the Nature Repair Market by explicitly ruling out its use as a compliance offset mechanism. The Nature Repair Market was established to incentivise voluntary investment in biodiversity improvement – not to compensate for environmental harm. Using voluntary biodiversity certificates for offsetting would undermine the market's purpose, distort its function, and risk enabling land clearing or other environmental damage elsewhere.
4. Mandate science-based measurement and monitoring in all offset and biodiversity market activities, with culturally appropriate integration of traditional ecological knowledge, and ensuring long-term ecological effectiveness.
5. Prioritise permanent protection in offset and Nature Repair Market projects, contributing to Australia's 30x30 target and zero extinctions goal.
6. Consult transparently on the design of any government-administered offsets fund, engaging scientists, conservation organisations, First Nations groups, and the broader community to ensure legitimacy and public trust.

Australia's clean energy transformation must accelerate, but not at the expense of biodiversity. Aligning faster energy infrastructure approvals with high-integrity biodiversity safeguards, well-governed offsets, and a robust Nature Repair Market will deliver enduring nature-positive and climate-positive outcomes. If you have any further queries please contact Mihcael O'Neill, Director Policy and Government Relations on [REDACTED]

Yours sincerely,

SIGNED

Mike Roache
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The Nature Conservancy Australia