Forest Practices Offsets Policy

1. Purpose

- This Policy sets out when an environmental offset is required for forest practices covered by the approval bilateral agreement, the principles an offset must meet, and how offsets are delivered, approved, secured and monitored and how advanced offsets are registered.
- Its objective is that any Residual Significant Impact on a Relevant Protected Matter is compensated by a lasting gain for that matter, so that the forest practices pass the net gain test in the *Environment Protection and Biodiversity Conservation Act 1999* (Cth) (EPBC Act).

2. Application

- This Policy applies to Forest Practices Plans (FPP) to which Part D4A of the Forest Practices Code (the Code) applies, including a variation of a certified FPP, that may result in a Residual Significant Impact on a Relevant Protected Matter. Part D4A of the Code sets the requirements and standards for how forest practices that may impact Relevant Protected Matters are to be planned and conducted.
- This policy also applies to the registration of offsets, including advanced offsets, by the Forest Practices Authority (FPA).
- An offset is required only where the Impact Assessment Report identifies a Residual Significant Impact on a Relevant Protected Matter after all reasonably practicable avoidance, mitigation and where relevant, repair measures have been applied.
- An offset cannot be used to compensate for an Unacceptable Impact. An FPP that would result in an unacceptable impact cannot be certified.

3. Related instruments

- Part D4A.8 of the Code requires FPPs for operations with one or more Residual Significant Impacts to include an offset proposal for each Residual Significant Impact. The offset proposals must be developed in accordance with this Policy and included in the FPP.
- The Forest Practices Offset Framework, maintained by the FPA, will set out the methodology for applying this Policy, including how impacts and gains are measured and how the size of an offset is calculated.
- The Framework is being developed and will be published before accreditation occurs. Stakeholders will have an opportunity to comment on the Framework.
- Offsets will be calculated using the Australian Government's offsets calculator until the FPA develops its own methodology and that methodology is endorsed by the Australian Government.
- This Policy is separate from the biodiversity offsets framework being developed by the Department of Natural Resources and Environment Tasmania (NRE Tas). The two documents will be aligned so that no offset is counted twice.

4. Principles

- Every offset must be consistent with the principles in the National Environmental Standard (Environmental Offsets) 2026. The table below summarises those principles and other requirements. Consistency with each requirement must be

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demonstrated by appropriate evidence[1] and where the Offsets Standard requires a high level of confidence, that confidence must be based on appropriate evidence.

- The FPA will not approve an offset in relation to a Residual Significant Impact on a Relevant Protected Matter where the Relevant Protected Matter has been prescribed in regulations made for the purposes of section 134(3AC) of the EPBC Act.

Principle	What it means
Last resort	Offsets are considered only after all reasonably practicable avoidance, mitigation and repair measures have been applied.
Net gain	The offset, alone or with other offsets, must deliver the net gain required for each Residual Significant Impact on a Relevant Protected Matter impacted.
Feasible	There must be a high level of confidence that the offset will contribute to the protection, conservation, restoration or recovery of the matter, and will deliver the required gain within a timeframe relevant to the matter.
Secured	The offset must be legally secured, and there must be a high level of confidence that the improvement will be delivered and, for a direct offset, maintained for the maintenance period.[2] Every obligation needed to deliver and maintain the offset must be enforceable. The criteria for when the result of the offset becomes durable must be set out in the FPP.
Tangible and measurable	There must be a high level of confidence that the offset activity will deliver a measurable improvement relative to the baseline condition at the offset site for the relevant protected matter. It must be a direct offset unless a conservation planning document identifies an indirect offset as a higher priority for the matter. Monitoring must measure the condition of the matter, not just whether actions were done.
Additional	The gain must be beyond what would otherwise occur and must not be required by another law, including the Code. A site already managed for conservation, including a reserve, may deliver an offset where the benefit is additional.
Like for like	The offset must benefit the same matter, and the same attributes of it, that are impacted. An alternative may be accepted only where the FPA is satisfied that it will deliver a greater benefit for the matter than a like-for-like offset, and is consistent with the priorities for that matter in a conservation planning document.
Relevant area	The offset must be located near the impact or, where that is not reasonably practicable, in another area relevant to the matter where it is likely to deliver an equivalent or greater benefit.
Prior commencement	The offset must be secured and registered, and its management must have commenced, before the Residual Significant Impact occurs. For a contribution, only the payment must be made before the Residual Significant Impact occurs.
Transparent and counted once	Every offset is publicly registered. No offset or gain may be counted more than once, including under another offsets scheme.

[1] Appropriate evidence may include expert advice, peer-reviewed scientific information, environmental data, information obtained from the management of comparable offsets, or other information sufficient to demonstrate that the principle has been met. Detailed evidentiary requirements are set out in the Offset Framework.

[2] Where the damage to the Relevant Protected Matter is short term or temporary, the earlier of 20 years and until the result of the offset activity becomes durable.
Where the damage to the affected protected matter is long term or permanent, a period representing a reasonable estimate of the time required for the result of the offset activity to become durable.

5. Delivering an offset

- An offset may be delivered as:
    - a new offset, delivered by or for the applicant, on land the applicant owns or manages or, with the owner's agreement, on other land;
    - an indirect offset, delivered by or for the applicant, where a Conservation Planning Document identifies an indirect offset as a higher priority measure for the Relevant Protected Matter (for example, research or education on threats to the matter);
    - a draw down on a registered advanced offset, being a gain for a Relevant Protected Matter established in advance by an applicant, third party or reserve land manager, once arrangements for registering, securing and delivering advanced offsets are in place;
    - a payment into a State offset fund or other contribution arrangement consistent with the Offsets Standard, once one is available and has been endorsed by the Australian Government for this purpose.
- An offset requirement may be met by a combination of these pathways, provided the total gain meets the net gain required for each Residual Significant Impact on a Relevant Protected Matter.
- Depending on the pathway or pathways used, the applicant is responsible for:
    - delivering a new offset, including where it is delivered by a third party
    - delivering an indirect offset, including where it is delivered by a third party
    - obtaining the consent of the person responsible for an advanced offset, and the FPA's approval, to a draw down on it
    - making a contribution to a state offset fund or contribution arrangement endorsed by the Australian Government.
- Delivery of an advanced offset or contribution is the responsibility of the person responsible for the advanced offset or the fund holder, under the arrangements on which it was registered or established.
- Advanced offsets must meet the principles in section 4 of policy, with the baseline established before the management giving rise to the gain commenced. A contribution meets those principles if the arrangement requires the money to be spent on offsets that meet them.
- The FPA will register an advanced offset only where enforceable arrangements secure its delivery and maintenance against the person responsible for it, such as an FPP for the offset activities, a conservation covenant under the *Nature Conservation Act 2002*, or an agreement with the FPA.

Registering an advanced offset

A person proposing an advanced offset may apply to the FPA to register it. The application must identify the Relevant Protected Matter and the offset site, establish the baseline condition before the management activity giving rise to the gain commenced, demonstrate how the offset is consistent with the requirements in section 4 of this policy, and set out the offset activity proposed, the outcomes to be achieved and the timeframes for achieving them, the period for which the outcomes will be maintained, the criteria for assessing when the result becomes durable, and how the offset is secured and managed.

If the application is approved, the FPA will record the advanced offset as available for use on the offsets register. The detailed process for applying for, assessing and registering advanced offsets will be set out in the Offset Framework.

6. Offset proposals and approval

- The applicant must seek the FPA's advice on a proposed offset before publishing the draft FPP and Impact Assessment Report.

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- An offset proposal must set out:
    - the Relevant Protected Matter, and the nature, extent and duration of the Residual Significant Impact
    - the size of the offset required, calculated under the Offset Framework
    - the pathway or pathways proposed, and how together they will deliver the net gain required for each Residual Significant Impact on a Relevant Protected Matter
    - information sufficient to assess each proposed offset pathway (as set out below).
- For each pathway, the proposal must also set out:
    - for a new offset: the offset site and its baseline condition, how the offset meets each principle in section 4, how it will be secured, and an offset management plan setting out actions, milestones, monitoring, reporting, corrective action and the criteria for when the result becomes durable
    - for an indirect offset: the Commonwealth Conservation Planning Document that identifies it as a higher priority, the activity to be undertaken, how it will contribute to the protection, conservation or recovery of the matter, how its delivery will be secured, and the reporting that will demonstrate it has been delivered.
    - for an advanced offset: the registered advanced offset, the extent of the draw down, and how it is relevant to the impacted matter.
    - for a contribution: the fund or arrangement, the amount of the contribution, and how the arrangement provides for the impacted matter.
- The offset proposal is published with the Impact Assessment Report for community engagement, subject to the protection of sensitive information.
- A FPP that relies on an offset is decided by the FPA, or by an employee of the FPA acting under a delegation, in accordance with the Delegation Policy. The decision-maker may approve the offset only if satisfied that the net gain test will be passed and that:
    - for a new offset, including an indirect offset: the principles in section 4 of this policy are met, and the offset can be secured, funded, monitored and enforced
    - for an advanced offset: it is registered, enough of it remains to meet the draw down, the person responsible for it has consented to the draw down, and it is like for like and in a relevant area for the impact
    - for a contribution: the arrangement will deliver an offset for the impacted matter that meets the principles in section 4.
- The decision is recorded in an offset determination, setting out its reasons and any conditions and, for a new offset, the maintenance period.

When a FPP relies on an offset, or approving a variation to its offset provisions, the decision-maker will consider whether to impose a condition under subsection 19(1A) of the *Forest Practices Act 1985*. Each condition will provide, as needed that the forest practices causing the residual significant impact must not commence until:

- For FPPs proposing a new offset, the offset has been approved by the FPA, secured and registered, and management of the offset has commenced.
- For FPPs proposing a new indirect offset, the offset has been approved by the FPA and registered, its delivery has been secured, and the full cost of delivery has been paid or committed;

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- For FPPs proposing a draw down on an advanced offset, the FPA has approved the draw down.
- For FPPs proposing a contribution, the payment has been made.

7. Securing an offset

New offsets

- For a new offset, the activities needed to deliver the offset will be specified in the FPP as forest practices covered by that plan, and the offset land will form part of the land to which the plan relates. The offset obligations are then enforceable under the *Forest Practices Act 1985*.
- An FPP that relies on a new offset must:
  - set out the offset's register entry, the Residual Significant Impact it compensates, the offset activity, its location, the outcomes to be achieved, the maintenance period and how it will be secured;
  - provide that the forest practices causing the impact must not commence until the offset has been approved and registered, secured, and its management has commenced;
  - set out the offset activities, milestones, monitoring, reporting and corrective action; and
  - be in effect for at least the longest maintenance period of the new offsets it includes, with the forest practices causing the impact authorised only during a defined operational phase. After that phase, the FPP remains in effect only for the offset activities and obligations.

- Where needed to protect a new offset beyond the plan period or to bind future owners, the offset land must also be protected by a conservation covenant under the *Nature Conservation Act 2002* or another legal protection approved by the FPA. Where a conservation covenant secures an offset under a certified Forest Practices Plan, it must provide that it cannot be varied or discharged without the prior consent of the Australian Government, as permitted by section 35(2) of the *Nature Conservation Act 2002*.

New indirect offset

- For an indirect offset, the offset activity will be specified in the FPP, and its delivery will be secured by a condition under section 19(1A) of the *Forest Practices Act 1985* and an agreement with the FPA, or with a delivery body approved by the FPA. The offset obligations are then enforceable under the *Forest Practices Act 1985* and that agreement.
- An FPP that relies on an indirect offset must:
  - set out the offset's register entry, the residual significant impact it compensates, the Conservation Planning Document that identifies the indirect offset as a higher priority measure for the Relevant Protected Matter, the offset activity, who will deliver it, the outcomes to be achieved and how it will be secured;
  - provide that the forest practices causing the impact must not commence until the offset has been approved and registered, its delivery has been secured, and the full cost of delivery has been paid or committed;
  - set out the offset activity, milestones, reporting and corrective action; and

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    - be in effect until the offset activity has been delivered and reported on.
- Where an indirect offset is not delivered as required, the applicant must provide a replacement offset that meets the principles in section 4 and is approved by the FPA.

Advanced offset

- Where an offset is met by a draw down on a registered advanced offset, the FPP must
    - identify the advanced offset's register entry, the Residual Significant Impact it compensates and the extent of the draw down
    - provide that the forest practices causing the impact must not commence until the FPA has approved the draw down under this policy.
- The advanced offset is secured, managed and monitored under the arrangements established for it, which must meet the principles in section 4.

Contributions

- Where an offset is met by a payment into a State offset fund or other contribution arrangement, the FPP must provide that the forest practices causing the impact must not commence until the payment has been made. The offset is then delivered by the fund holder under that arrangement.

8. Monitoring and compliance

- For a new offset, the applicant must monitor the condition of the matter at the offset site against the baseline, and report to the FPA as required by the FPP.
- Where a new offset is not achieving, or is unlikely to achieve, the required outcome, the applicant must carry out corrective action or provide a replacement offset approved by the FPA, which must also meet the requirements set out in section 4 of this policy.
- Indirect offsets reporting and milestones will be monitored. Where an indirect offset is not delivered as required, corrective actions will need to be undertaken, or a replacement offset approved by the FPA.
- Advanced offsets are monitored, and corrective action is taken, under the arrangements established for them. Contributions are monitored and corrected under the arrangements for the relevant fund. The FPA will report on the status of advanced offsets that have been drawn down as part of its reporting under section 10 of this policy.
- The FPA audits offsets through its compliance program and may enforce the offset provisions of an FPP under the *Forest Practices Act 1985*.
- The applicant bears all costs of establishing, managing, monitoring and correcting a new offset, indirect offset, of obtaining a draw down on an advanced offset or making a contribution.

9. Variations

- A variation must not reduce the approved net gain, security or enforceability of an offset. A variation to the offset provisions of an FPP may be approved only by the FPA, or by an employee of the FPA acting under a delegation, in accordance with the Delegation Policy.

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10. Transparency

- The FPA will maintain a public offsets register recording, for each offset, the Relevant Protected Matter and impact, the offset site, advanced offset or contribution arrangement, how it is secured, tenure arrangements, the intended outcomes, monitoring results, its current status and any corrective action, subject to the protection of sensitive information.
- The FPA will report annually on offsets approved, advanced offsets drawn down, the condition and status of offsets, and any corrective action taken.

11. Definitions

- Relevant Protected Matter, Residual Significant Impact and Unacceptable Impact and other terms defined in this Policy have the same meaning as in Part D4A of the Code.

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