

# Information sheet

## Stacking environmental offsets and carbon offsets

Landholders in Queensland have the opportunity to participate in multiple offset markets, such as environmental offsets delivered in accordance with the Queensland Environmental Offsets Framework and the Land Restoration Fund for carbon offsets. This information sheet summarises the Department of Environment and Science's position on delivering different types of offsets on the same area, or spatially overlapping areas, of land.

### Legislative context

The Queensland Environmental Offsets Policy states that offsets must provide additional protection to the environmental values at risk or additional management actions to improve environmental values. Therefore, management actions implemented to achieve a conservation outcome for an environmental offset must be additional to those already occurring, funded or required (e.g. by law or a condition of authority) for the impacted matter. This means that an environmental offset may be 'stacked' on top of an existing carbon offset, but only to the extent that the actions implemented to deliver the environmental offset are **additional** to those implemented to deliver the carbon offset, such that the environmental offset results in additional environmental outcomes.

Queensland's Land Restoration Fund is governed by the Commonwealth *Carbon Credits (Carbon Farming Initiative) Act 2011*. This Act mandates that all carbon offset projects must meet (1) a 'newness requirement'; that the project has not begun to be implemented, and (2) a 'regulatory additionality requirement'; that the project is not required to be carried out by or under a law of the Commonwealth, a State or a Territory. The 'newness requirement' prohibits a carbon offset project from being 'stacked' on top of an existing environmental offset, as the project will have already begun to be implemented.

### Additionality

All offsets must uphold the principle of additionality. Additionality<sup>1</sup> means that an offset must deliver an outcome that is above and beyond any other measure that is already required, and that the benefit achieved by an offset will not otherwise occur without that offset. Without additionality, offsets may not adequately compensate for the impacts for which they were required, and a net loss of ecological value will occur.

### 'Offset stacking'

'Offset stacking' occurs where two different offset types are delivered on the same area of land, either simultaneously or at different points in time. Requests to 'stack' offsets will be assessed by the Department on a case-by-case basis. 'Offset stacking' could be acceptable where:

- An environmental offset is delivered on top of an existing carbon offset;
- The management actions undertaken to deliver the environmental offset are separate from and additional to the management actions undertaken to deliver the carbon offset;

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<sup>1</sup> Definition from the Environmental Offsets Bill 2014, Report no. 40, Agriculture, Resources and Environment Committee, Queensland Parliament.

- Additionality can be transparently accounted for and demonstrated; and
- The delivery of one type of offset does not lead to any perverse outcome for the other type of offset with regard to its intended outcome.

An example of acceptable 'offset stacking' may be as follows:

- A site is planted with trees to deliver a carbon offset. Later, an environmental offset for impacts to protected wildlife habitat is 'stacked' on top of the existing carbon offset by installing habitat furnishings at the site and eliminating threats to the protected wildlife species, allowing it to reinvade the site. Without undertaking these additional management actions as part of the environmental offset, the species would not otherwise have been able to inhabit the site (see Figure 1).

The following practices are generally not acceptable:

- Delivering a carbon offset on top of an existing environmental offset;
- Attributing one management action to the delivery of two different offsets simultaneously;
- Implementing management actions for which additionality cannot be transparently accounted for or demonstrated; or
- Delivering one type of offset that in any way hinders the success of the other in delivering its intended outcome. Interested proponents are advised to seek advice from the Commonwealth Government's Clean Energy Regulator to ensure that the 'stacking' of an environmental offset over a carbon offset will not jeopardise the carbon offset in any way.

Where the principles of 'offset stacking' cannot be upheld, landholders may still be able to participate in more than one offset market by delivering two different offset types on two separate areas of their land that do not overlap spatially (i.e. that are adjacent).

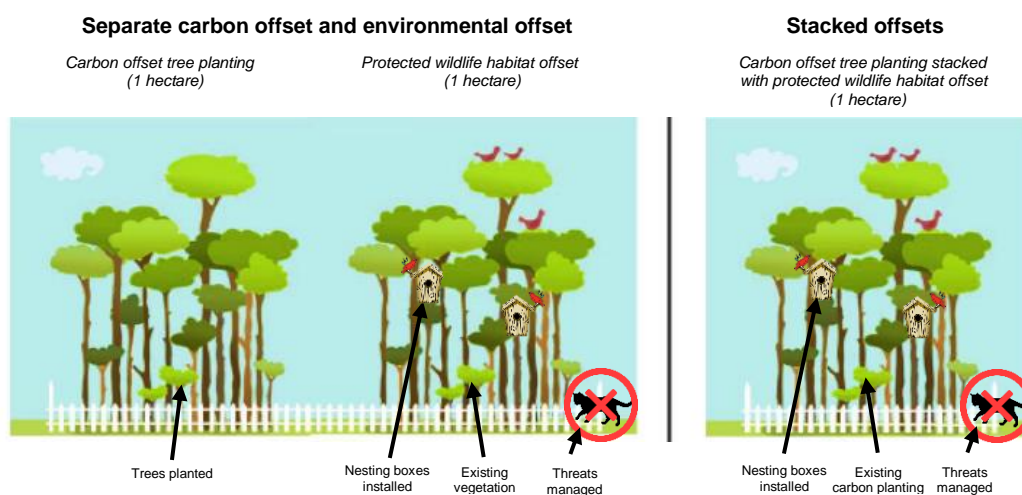


Figure 1: Example of acceptable 'offset stacking' (derived from Fox et al. 2011<sup>2</sup>)

<sup>2</sup> Fox, J, et al. 2011, *Stacking opportunities and risks in environmental credit markets*, Environmental Law Reporter, vol. 41, issue 2.

**Approved by:**

Narelle Sutherland

Signature

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Date

Director,  
Policy Initiatives,  
Department of Environment and Science

**Enquires:**  
Offsets Policy Team  
Department of Environment and Science  
Email: [offsets@des.qld.gov.au](mailto:offsets@des.qld.gov.au)

**Version history**

| Version | Effective date | Description of changes     |
|---------|----------------|----------------------------|
| 1.0     | 26 March 2019  | Original version approved. |
| 1.1     | 26 June 2019   | Minor wording amendment.   |