



29 April 2016

Mr Rob Hansen  
Research Director  
Agriculture and Environment Committee  
Parliament House  
Brisbane QLD 4000

By email: [vminquiry@parliament.qld.gov.au](mailto:vminquiry@parliament.qld.gov.au)

Dear Mr Hansen

**Submission regarding the *Vegetation Management (Reinstatement) and Other Legislation Amendment Bill 2016 (VMROLA)***

Origin Energy (**Origin**) thanks the Agriculture and Environment Committee (**Committee**) for the opportunity to provide a written submission to it regarding VMROLA.

In summary:

- Origin supports the shift towards regulatory consistency across all industries for vegetation clearing.
- However, Origin holds concerns about the proposed amendment of the *Environmental Offsets Act 2014 (EO Act)*, which we believe may have wide-reaching, unintended consequences for the resources industry.
- For the reasons set out below, Origin's view is that the threshold of 'significant' should remain in the EO Act.

**Origin**

Origin is Australia's leading energy company with diverse operations spanning the energy supply chain, from gas exploration and production, to power generation and energy retailing. We are committed to all of our stakeholders, including landholders and customers, and we have a strong focus on ensuring the sustainability of our operations and minimizing our impact on the environment.

As upstream operator of Australia Pacific LNG project, Origin has been intimately involved with the design and implementation of environmental offsets to address unavoidable 'significant residual impacts' of the construction project. Origin is well-placed to successfully deliver the Australia Pacific LNG

Environmental Offset Strategy (**Strategy**), which was approved by the Queensland Government. The Strategy sets out a series of direct and indirect offsets to counterbalance the unavoidable 'significant residual impacts' on environmental values, including high-quality, land-based offset sites (such as Dukes Plain, Inverness and Colamba) and contributions to other conservation activities (such as research and conservation projects).

Given Origin's experience in environmental offsets, Origin recognises the importance of a strong regulatory offsets framework to deliver long-term, high-quality environmental outcomes.

### Comments on VMROLA

Origin supports the legislative intent of the proposed amendments set out in VMROLA, especially the shift towards regulatory consistency across all industries for vegetation clearing.

However, Origin holds concerns about the proposed amendment of the EO Act, which we believe may have wide-reaching, unintended consequences for the resources industry.

### *Changes to the Environmental Offsets Act 2014*

VMROLA proposes to amend the EO Act by removing reference to the term 'significant' in the context of 'significant residual impacts'. Origin is concerned that this amendment will have far-reaching, unintended consequences on the industry.

Currently, the EO Act provides for "*environmental offsets to counterbalance **significant** residual impacts of particular activities on particular matters of national, State or local environmental significance and to establish framework in relation to environmental offsets*". [emphasis added]

It is proposed that the term 'significant residual impacts' will be replaced with the term 'residual impacts' and redefined as follows (amendments in red):

#### **What is a ~~significant~~ residual impact**

(1) Generally, a ~~significant~~ residual impact is an ~~adverse~~ impact, whether direct or indirect, of a prescribed activity on all or part of a prescribed environmental matter that—

(a) remains, or will or is likely to remain, (whether temporarily or permanently) despite on-site mitigation measures for the prescribed activity; and

(b) is, or will or is likely to be, ~~adverse significant~~.

(2) If a prescribed environmental matter is a protected area and the ~~adverse~~ impact of the prescribed activity results, or will or is likely to result, in 1 or more of the following, for the purpose of subsection (1)(b), the impact is ~~adverse significant~~—

(a) the authorised clearing or inundation of all or part of the protected area for the construction of private or publicly owned infrastructure on the area;

(b) the exclusion of, or reduction in, the public use or enjoyment of all or part of the protected



area;

(c) a reduction in the natural or cultural values, within the meaning of the Nature Conservation Act 1992, of all or part of the protected area.

(3) However, an impact as mentioned in subsection (2) is not a ~~significant~~ residual impact for the protected area if the prescribed activity is—

(a) conducted by an authorised person performing functions under the Nature Conservation Act 1992; and

(b) consistent with the management of the area under the Nature Conservation Act 1992, section 15.

(4) If a prescribed environmental matter is, or is in, a legally secured offset area and the ~~adverse~~ impact of the prescribed activity on all or part of the matter results, or will or is likely to result, in 1 or more of the following, for the purpose of subsection (1)(b), the impact is ~~adverse significant~~—

(a) for the prescribed environmental matter for which the area was set aside for the purposes of an environmental offset—a use of the area that is inconsistent with how the environmental offset was or is required to be undertaken to achieve a conservation outcome for the prescribed environmental matter under a delivery or management plan or agreement (however described in this or another Act);

(b) for any other prescribed environmental matter in the area—a ~~significant~~ residual impact as mentioned in subsection (1) on the other prescribed environmental matter.

(5) For subsection (2), a protected area does not include a nature refuge.

(6) To remove any doubt, it is declared that subsection (2) does not apply to a prescribed environmental matter in a protected area.

### **Impact of change**

Origin's interpretation of the proposed changes is that, under the amended legislation, offsets will be required for all 'residual impacts' on prescribed environmental matters rather than only 'significant residual impacts', as is currently the case. This will mean all disturbance (impacts) will require offsets in the changed framework.

Based on this interpretation, the change is likely to give rise to an increase in the amount of offsets required for a project and the associated resources needed to identify, secure and manage the offsets.

Further, the change will create misalignment between federal and state offsets regimes. Following the last policy changes to the state's offset framework, significant progress was made to align state and federal offset regimes. One critical part of that alignment was the threshold of 'significant'.

The *Environment Protection and Biodiversity Conservation Act 1999* Environmental Offsets Policy requires offsets if the 'residual impacts' on 'Matters of National Environmental Significance' (MNES) are significant. There is a 'Significant Impact Guideline for MNES' to assist in determining whether the

impacts meet the criteria.

In many instances, a project will have impacts on corresponding state and Commonwealth environmental values. In such a situation, if the proposed VMROLA changes are made, offsetting obligations would differ under state and federal law for the same environmental value. Under federal law, a party would be required to offset 'residual impacts' only if they were 'significant', whereas all 'residual impacts' would need to be offset under state law. This would result in inconsistencies across the environmental regulatory regime, an outcome that sits at odds with the policy intent of the Council of Australia Government's (COAG's) 2012 National Compact on Regulatory and Competition Reform, which sets out COAG's objective for nationally consistent regulatory approaches.

By removing the term 'significant' in Queensland, national alignment will be lost.

### ***Impacts on investment in Queensland***

We hold concerns that the change to the offsets framework may also have the potential to impact on investment decisions for future gas (and other resource) projects in Queensland.

The current framework has resulted in a range of strategic, high-quality offset portfolios being created for many large resource projects. Project proponents have been able to assess projects against the Queensland Environmental Offset Policy and associated 'Significant Impact Guideline' to determine offsets obligations and make budget provisioning for this.

### **Conclusion**

With a strong track-record in implementing environmental offsets, Origin recognises the importance of a robust offsets framework which is supported by legislation promoting effective environmental outcomes and certainty for resource industry.

The existing regime encourages industry participants to focus on the provision of quality and strategic offsets for unavoidable, 'significant residual impacts' and, in Origin's view, is more likely to achieve effective and meaningful conservation outcomes in the long-term.

For the reasons above, Origin's view is that the threshold of 'significant' should remain in the EO Act.

If you or the Committee have any questions about Origin's submission, please contact Susan Moore, Manager Public Policy & Government Engagement [REDACTED]

Yours sincerely [REDACTED]

**Peter Hobart**  
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Origin Energy