



Our Ref: Object ID: A1666337

24th March 2014

The Research Director
Agriculture, Resources and Environment Committee
Parliament House
George Street
BRISBANE QLD 4000

By Email: AREC@parliament.qld.gov.au

Dear Committee Chair,

**Powerlink Queensland
Submission Environmental Offsets Bill 2014**

1. Introduction

- 1.1. Thank you for the opportunity to provide submissions to the *Environmental Offsets Bill 2014 (the Bill)*.
- 1.2. This submission is made on behalf of Queensland Electricity Transmission Corporation Limited trading as Powerlink Queensland (**Powerlink**). This submission has been prepared in consultation and with the support of Ergon Energy Corporation Limited and Energex Limited.
- 1.3. Powerlink is a government owned corporation that owns, operates, develops and maintains Queensland's high voltage electricity transmission network, which transports electricity in bulk from power generators to the regional distribution networks (owned by Energex, Ergon Energy and Essential Energy) which then supply around two million electricity customers.

2. Summary

2.1. In summary, Powerlink is supportive of the Bill subject to:-

(a) Consultation regarding environmental offset policy – the opportunity to contribute to the development of the environmental offset policy, including the test for determining significant residual impacts on prescribed environmental matters and practical offset delivery mechanisms for electricity entities;

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(b) Clarification of transitional arrangements – further clarification of transitional arrangements proposed in the Bill to ensure that offset conditions cannot be applied retrospectively to pre-existing electricity assets in protected areas under the *Nature Conservation Act 1992* (NCA) or projects where the Environmental Impact Assessment surveys have been completed.

3. Submissions

3.1. Powerlink makes the following specific comments with respect to the Bill.

Consultation regarding environmental offset policy

3.2. Powerlink is supportive of the concept of environmental offsets to the extent that environmental offsets can contribute to achieving an appropriate balance between effective environmental outcomes and the efficient and cost effective development and maintenance of electrical infrastructure. In this regard, Powerlink is supportive of the policy objectives of the Bill which seek to:

- facilitate a coordinated environmental offsets framework;
- reduce green tape;
- remove inconsistency between specific-issue offset policies;
- remove duplication of environmental assessments; and
- provide stronger environmental outcomes through strategic offset delivery.

3.3. In addition to the policy objectives, Powerlink is also supportive of the approach of the Bill which seeks to:

- apply a risk based approach by limiting the imposition of offset conditions to those activities that have a significant residual impact on prescribed environmental matters; and
- provide greater flexibility for proponents in offset selection and delivery.

3.4. Powerlink has established a positive working relationship with Department of Environment and Heritage Protection (DEHP), having had a long history of consulting with DEHP regarding the application of offsets to electricity infrastructure. To assist in ensuring the above objectives are achieved with respect to the efficient development of electricity infrastructure, Powerlink looks forward to consulting further with DEHP in the development of:

- the environmental offset policy;
- supporting guidelines particularly in relation to determining significant residual impacts on prescribed environmental matters; and
- practical offset delivery mechanisms for electricity entities.

Clarification of transitional arrangements

3.5. Powerlink has concerns with the application of transitional provisions proposed in the Bill as they apply to existing electricity assets in protected areas under NCA.

3.6. Powerlink has electricity assets located in areas regulated under the NCA which were lawfully constructed pre-dating the NCA and/or the declaration of the tenure as a protected area under the NCA.

3.7. Part 4, Division 2, Subdivision 3 of the NCA (Interests in protected areas, sections 34-39) provides for the Chief Executive to grant authorities for new or existing service facilities within Protected Areas. This may include new developments (new Powerlink assets) and/or pre-existing uses (pre-existing Powerlink assets).

Powerlink notes that section 94 of the Bill operates to provide that:

- the Bill will apply to authorities granted under other Acts in circumstances where applications for authorities were made on or after the commencement of the proposed Environmental Offsets Act; and
- that existing Acts will continue to apply to existing authorities.

The Bill defines an "existing authority" as an authority granted under an existing Act as the authority is in force before the commencement of the proposed Environmental Offsets Act. In effect, this means that the proposed Environmental Offsets Act (and the imposition of offset conditions) may apply to Part 4 Division 2 authorities under the NCA. Powerlink is concerned that this may have the effect of pre-existing Powerlink assets being subject to offset conditions if NCA Part 4 Division 2 authorities are retrospectively granted for those assets.

3.8. Additionally, Powerlink is concerned about the potential application of offset conditions to renewals of occupation permits granted under Part 4 Division 2 of the NCA with respect to communication facilities in protected areas. These electricity network communications facilities are pre-existing assets on established sites, which are subject to periodic renewal of the fixed-term occupation permits under the NCA. The granting of an occupation permit may have the potential to trigger offset conditions on each periodic renewal of the fixed-term occupation.

3.9. The potential for retrospective liability for offset conditions is of considerable concern due to the potentially significant financial and administrative impact should pre-existing Powerlink assets be subject to offset conditions which may include a financial settlement subject to a 1:10 ratio.

3.10. Powerlink requests that projects where Environmental Impact Assessment surveys (e.g. flora and fauna) have been completed, that these survey results should apply for the assessment purposes of Environmental Offsets.

3.11. Powerlink has previously made submissions to the Environmental Offset Discussion Paper outlining concerns regarding the financial impact of offset conditions in protected areas and specifically about the proposed financial settlement ratio in protected areas. A copy of that submission is **attached** as a schedule to this submission.

3.12. Powerlink suggests that this issue could be addressed by expanding the transitional arrangements under the Bill as they apply to the NCA so that there are transitional arrangements that apply to existing lawful uses, such as pre-existing electricity assets in protected areas. Alternatively, the currently proposed definition of "existing authority" could be expanded to include retrospective and renewal authorities.

Please do not hesitate to contact Melissa Lunney if you would like Powerlink to elaborate on any aspect of this submission.

Yours sincerely,



Stephen Martin

Manager Environmental Strategies



OFFICE OF THE CHIEF EXECUTIVE

Our Ref: A1819799

14 January 2014

Mr Scott Buchanan
Director, Ecosystems Outcomes
Department of Environment and Heritage Protection

By Email: offsets@ehp.qld.gov.au

Dear Mr Buchanan

**Powerlink Queensland Submission on the Queensland Government
Environmental Offsets Framework – Discussion Paper**

Thank you for the opportunity to provide comment on the Environmental Offsets Framework Discussion Paper (the Discussion Paper) released 27 November 2013 and for facilitating a consultation workshop with Powerlink and the electricity distribution entities (Ergon Energy and Energex) on 12 December 2013.

Powerlink is a State Government Owned Corporation, which owns, develops, operates and maintains Queensland's 1700km high voltage transmission network, which extends from north of Cairns to the New South Wales border.

Powerlink is supportive of the objectives of the proposed new whole-of-Government offset framework as outlined in the Discussion Paper which Powerlink understands is intended to:

- Remove inconsistencies and duplication within and across jurisdictions;
- Simplify offset requirements;
- Reduce complexity and costly time delays for projects; and
- Ensure conservation outcomes are achieved for impacted matters of environmental significance.

Powerlink's submissions to this discussion paper are related to:

1. The need for a self-assessable framework for electricity entities
2. Application of the 1:10 offset ratio in protected areas
3. Duplication of offset related payments
4. Reduction or waiver of offset payments
5. The need for transitional arrangements.

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Powerlink Queensland is the registered business name of the
Queensland Electricity Transmission Corporation Limited
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1. Need for a self-assessable framework for electricity entities

Powerlink notes that the Discussion Paper does not make reference to a self-assessable framework for the electricity entities that was subject of earlier consultation with the Department of Environment and Heritage Protection (DEHP) in response to the confidential draft offset policy released in March 2013.

Powerlink notes DEHP's previous support for the development of a self-assessable framework to apply to electricity entities as part of the proposed whole-of-government offset policy, which was confirmed in a letter received by Powerlink's Chief Executive from the Director-General of DEHP dated 6 January 2014.

This self-assessable framework will ensure the overall Offsets Framework is compliant with State Government policy, while also being an effective and efficient model for transmission infrastructure that minimises administrative costs.

Provided a self-assessable framework is able to be developed that effectively and efficiently delivers conservation outcomes, Powerlink is supportive of the proposed whole-of-government single offset policy.

2. Application of the 1:10 offset ratio in protected areas

Current offsets in protected areas

Currently, where an impact is proposed within a protected area, an annual or one-off fee is typically applied when an authority to use land in a protected area is granted to Powerlink under the *Nature Conservation Act 1992*.

Offsets are then assessed additional to this annual or one-off fee and could be required by both the State and/or the Commonwealth Government in regard to an offset **for the same matter**. Previously, Powerlink has negotiated with the State/Commonwealth whether the annual/one-off fee or the offset payment is made – i.e. whichever is the greater amount.

Application of the proposed 1:10 offset ratio in protected areas

Powerlink notes that the Discussion Paper proposes that the framework will provide an option of a financial settlement offset or a proponent driven offset – both of which will be capped at a maximum requirement of 1:4 other than for protected area estate offsets.

Powerlink supports the maximum ratio concept and considers a ratio of 1:4 to support the policy objectives in most cases, but is concerned with the application and calculation of the ratio for protected area offsets of 1:10.

The 1:10 ratio (with a noted floor price of \$500 per hectare) is intended to offset losses of public benefit values, such as "access, open space, tourism and recreation and cultural pursuits".

Powerlink submits that residual impacts in protected areas to facilitate electricity infrastructure do not impact public benefit values to the extent or severity of many other developments, which require exclusive use of land and, in some cases, electricity infrastructure can provide ongoing maintenance and management of environmental values such as weed, fire and vegetation management.

Method for calculating the 1:10 ratio

Furthermore, Powerlink is concerned about the method of calculating the 1:10 ratio. Despite the stated intention of the 1:10 ratio, an impact to environmental or public benefit values **does not have to occur** for the 1:10 ratio to be triggered within protected areas, as the 1:10 ratio is currently calculated based on land value¹.

The 1:10 ratio should not be based on land value, as offsets may have to be paid for land within the fringes of a protected area which have no environmental/conservation value (e.g. previously cleared grazing land within a parcel now designated as a protected area).

In this proposed form, the 1:10 ratio could result in significantly higher additional costs for the provision of essential infrastructure, which may place upward pressure on electricity prices. Additionally, in its proposed form, the 1:10 ratio calculation is inconsistent with offset ratios applied to other land tenures, which are calculated based on the cost to offset the actual impact on environmental matters and not directly based on land value.

Powerlink submits that, given the 1:10 ratio applies only to protected areas, the trigger for the 1:10 ratio being applied should directly reflect the value or costs associated with matters of environmental significance being impacted. This would also ensure consistency of approach across the other proposed ratios.

3. Duplication of offset related payments

Under the proposed offset methodology, multiple offset related payments may be triggered and Powerlink is seeking clarification on the following:

- Whether the existing annual or one-off fee under the *Nature Conservation Act 1992*, which Powerlink currently pays for the authority to use land in a protected area, will be applied in addition to offset payment requirements.

Currently, Powerlink negotiates to either pay this fee or pay the offset (whichever is the greater amount). Powerlink requests that the new Framework clarify that the existing annual or one-off fee under the *Nature Conservation Act 1992* will not be applied in addition any required offset payment.

- Under the proposed Framework, the 1:10 multiplier for protected areas is specifically excluded from the "Removal of Duplication" provisions of the Framework. This means that the 1:10 ratio offset payment for protected areas does not exclude the application of other State or Commonwealth offset requirements.

Powerlink submits that, if applied, the 1:10 multiplier should cover all offset requirements. This would be consistent with the application of the 1:4 maximum ratio under the proposed Framework, which is stipulated as covering all other offset requirements.

Multiple offset requirements within protected areas will have a significant impact to the cost of delivery of essential infrastructure, and will contribute to upward pressure on electricity prices.

¹ Currently calculated by the State Government as a 'benchmark land value' for areas (\$25,000 per hectare for urban, \$5,000 per hectare for rural).

4. Reduction or waiver of offset payments

Powerlink notes that the Discussion Paper provides that the "Chief Executive" (Director-General of the Department of Environment and Heritage Protection) may reduce or waive the offset payment.

To provide greater efficiency and to reduce instances of duplication with respect to electricity infrastructure, Powerlink submits that a waiver of offset payments in protected areas could be included within the proposed electricity self-assessable framework.

5. Transitional arrangements

Powerlink notes that the Discussion Paper does not outline any transitional arrangements that clarify how offset obligations should apply to existing electricity assets in protected areas or more generally to committed projects.

At a meeting on 9 January 2014, attended by Powerlink and the electricity distribution entities (Ergon Energy and Energex), representatives of the Department of National Parks Recreation Sport and Racing verbally advised that it was not intended that offset obligations would apply to existing electrical infrastructure in protected areas.

Powerlink seeks written confirmation of this statement and submits that the proposed whole-of-government offset policy should provide clear transitional arrangements with respect to committed projects to avoid proponents having to retrospectively apply offset requirements to projects that have commenced an environmental impact assessment or approval process.

Further consultation

In addition to working with DEHP to develop a self-assessable framework for the electricity entities, Powerlink looks forward to ongoing consultation with DEHP in the development of any proposed guidelines and other supporting material to the proposed whole-of-government offset policy and to determine appropriate transitional arrangements.

Please do not hesitate to contact Stephen Martin, Environmental Strategies Manager should you have any questions about Powerlink's submission or wish Powerlink to elaborate further.

Yours sincerely



Merryn York

CHIEF EXECUTIVE

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