

Monday 29 June 2026

Kahil Lloyd
Executive Director – Environment and Conservation and Legislation
Department of Environment, Tourism, Science and Innovation
offsetsreview@detsi.qld.gov.au .

Dear Kahil,

RE: A fresh start for Queensland's Environmental Offsets Framework.

Thank you for the opportunity to make a submission on the 19 May 2026 discussion paper. Australian Energy Producers (AEP) is the peak body representing Australia's natural gas and oil explorers, developers and producers. AEP supports a fresh start on offsets and to support a framework that is practical, transparent and capable of delivering better environmental outcomes.

AEP welcomes the decision to review the offsets framework as a coherent regulatory whole. The review is an important opportunity to consider the best way to strike the right balance between the offsets legislation, the offsets regulation and the offsets policy. All three offset documents, as well as their interaction with the calculator and Significant Residual Impact (SRI) guideline, need a systemic review to provide more flexibility in delivering better offset outcomes.

Currently, offsets are not working for proponents, for regulators, for landholder or for the environment. Queensland's existing offsets framework doesn't coordinate well with Commonwealth assessments, nor does it sit comfortably within local Government's planning schemes and hosting offsets are not appealing for landholders. The discussion paper only peripherally addressed the dire shortages of suitable land available for offsets.

Industry's experience is offsets pose an asymmetric risk for natural gas projects. There is a low threshold for requiring offsets but acquitting those offsets is expensive and cumbersome. A pipeline right of way through a ploughed paddock may be fully rehabilitated within weeks, with the land returned to its prior use. However, pre-disturbance offsets can be required as if the disturbance is permanent. The baseline for pre-disturbance is often unclear but rarely reflects the environmental values of the paddock.

AEP remains concerned that the amendment of an existing authority which currently must consider the cumulative impacts of the entire project (page 17). This approach has a retrospective effect and risks requiring the same impact to be offset multiple times during a project's life. AEP does not support this outcome. The proposed change would also be at odds with Guideline ESR 2016, *Application Requirements for Petroleum Activities* (page 15) which already requires that cumulative impacts be described.

We understand that an updated methodology is likely to increase the cost of offsets in Queensland. Any change of this nature should be subject to thorough consultation, with clear transparency on the assumptions, inputs and policy choices driving those cost increases.

Thank you again for the opportunity to make a brief submission. AEP supports reform to make the offsets system more responsive and flexible and focussed on delivering outcomes and ensuring that those offsets are sustainable. An essential part of delivering practical offsets is ensuring the offsets are nurtured, monitored and maintained – which should create opportunities for landholders, natural resource management groups and Traditional Owners who are well placed to help deliver durable environmental outcomes on the ground.

AEP is happy to answer any questions that you may have about any of the points made in this submission. Please contact Andrew Barger at abarger@energyproducers.au or on 0417 403 822.

Your sincerely,



Keld Knudsen

General Manager – States & Territories, and
Director – Queensland

Attachments:

1. Key industry questions on offsets.
2. Feedback on the discussion paper.

Attachment one:

Key industry questions.

1. Will voluntary environmental agreements be available for proponent-led offsets?
2. How will DETSI calculate delivery risk under the revised framework?
3. Does the fresh start for Queensland offsets plan to address the practical shortage of suitable and available offset land? We'd encourage the review of the offsets framework to consider more flexible location rules, recognition of rehabilitation, landholder incentives and outcome-based delivery models as a core priority.
4. When will "near-like-for-like" offsets be considered acceptable?
5. Why can some Matters of State Environmental Significance (MSES) not be combined when they occupy the same Regional Ecosystem?
6. How can proponents and their Suitably Qualified Persons (SQPs) calculate Residual Significant Impact (SRI) in a repeatable and scientifically robust manner that will be accepted by DETSI?
7. Why does Queensland's Residual Significant Impact (SRI) methodology differ from the Commonwealth's SRI? Can they be harmonised?
8. What alternative legal security mechanisms are available and how can they be implemented within practical project timeframes?
9. The Residual Significant Impact (SRI) guideline requires the use of the Department's Landscape Fragmentation and Connectivity (LFC) tool, which runs two tests to determine SRI. Projects have had to provide a detailed additional assessment for connectivity which appears to be outside of the SRI guideline. Why does the Department have a detailed connectivity tool, that requires additional assessment, that is not set out in the SRI guideline?
10. How will cumulative impacts be assessed and what guidance will be available to proponents?
11. The Residual Significant Impact (SRI) guideline does not mention the word "cumulative". Recent applications have applied cumulative assessment in an inconsistent manner – is there a plan to provide some clear guidance for cumulative assessment parameters including scale?

Tenure/project areas shouldn't represent the default scale for consideration of cumulative impacts.

Attachment two: Feedback - a fresh start for Queensland Environmental offsets framework

Issue	Feedback	Comment	AEP's recommendation
The scope of reforms remains unclear.	The current discussion paper is light on detail, which makes it difficult to assess the operational implications.	AEP supports reforming Queensland's offsets framework, but the discussion paper was developed without any industry input.	These reforms should aim to improve the flexibility of delivering environmental outcomes while reducing delay and uncertainty.
Streamline offsets.	The discussion paper proposes moving regulations into legislation.	Regulatory changes should not be made in isolation without considering the implications on the whole system of offsets.	Recommend a formal regulatory impact assessment.
Cumulative impacts are a key concern.	The proposal to incorporate cumulative impacts into Significant Residual Impact (SRI) assessments is likely to be the most consequential.	At present there is no clear guidance regarding how cumulative impacts would be assessed, what geographic or temporal boundaries would apply, or how impacts would be attributed.	Before any change is implemented, DETSI should publish a clear, repeatable and scientifically robust methodology.
EA amendments and cumulative impacts.	Proposed reforms relating to "project impacts" may create overreach, including reopening or reconsidering impacts that have already been assessed, conditioned and offset.	An EA amendment should not reopen or reconsider impacts that have already been assessed, conditioned and offset through an existing approval process.	Conditioning for an amendment should remain limited to the matters the subject of the amendment application.

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Avoiding retrospective obligations.	Reconsidering the cumulative impacts of the whole project during an amendment process could operate retrospectively and result in the same impacts being offset multiple times.	Existing authorised activities should not be subject to new or additional offset liabilities unless there is a new or materially different impact that has not previously been assessed or conditioned.	The framework should avoid retrospective regulation and double counting.
Mitigation hierarchy and rehabilitation.	Gas field disturbance is often short lived, particularly access tracks and gathering networks. These areas are subject to rehabilitation obligations and are conditioned to return to pre-disturbance values.	The mitigation hierarchy should expressly recognise rehabilitation and temporal disturbance. The framework should require appropriate consideration of rehabilitation activities when determining whether a significant residual impact remains and what offset obligation is appropriate.	Recommend that the mitigation hierarchy expressly recognise rehabilitation and temporary disturbance.
Recognition of rehabilitation in offset calculations.	Rehabilitation effort should be recognised when determining residual impacts and associated offset obligations. Western Australia provides a useful model of this approach.	The Queensland framework should allow rehabilitation effort to be recognised in a scientifically robust way when determining residual impact and offset requirements. This would avoid treating short term, rehabilitated disturbance in the same way as permanent impact.	Recommend that rehabilitation effort be recognised in the calculation of residual impact and offset obligations.

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The proposals largely address symptoms rather than the root cause.	Many of the proposed reforms are positive, particularly around streamlining, advanced offsets, flexibility. However, most of the proposals appear to be tinkering at the edges of the problem rather than addressing the fundamental challenge of offset delivery.	The real issue remains land availability and the ability of offsets to compete economically with agriculture, carbon projects and other land uses. There is currently little structured effort directed towards developing a biodiversity stewardship market or supporting landholders to become "biodiversity farmers" alongside traditional agricultural production.	
Greater transparency is needed around how offsets are triggered and calculated.	A key concern is that offset liabilities are ultimately driven by Significant Residual Impact (SRI) determinations rather than the offset calculator itself. Recent experience suggests that SRI determinations can be heavily influenced by inferred species presence and internal DETSI assessments, with limited transparency regarding the methodologies and evidentiary thresholds being applied.	Industry is often exposed to potentially significant offset liabilities without a clear understanding of the basis on which those liabilities have been determined. There have also been instances where third-party ecological advice has not been accepted in favour of internal advice that is not available for public or peer review. This creates uncertainty for project planning, investment decisions and offset budgeting.	Work with industry to develop a clear, repeatable and scientifically robust methodology for offset triggers and calculations.

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Offset liabilities are not aligned with project investment cycles.	The current framework can trigger significant offset-related capital expenditure well before impacts occur, creating project risk and uncertainty.	Industry needs greater certainty regarding offset liabilities and more flexibility in how and when obligations are discharged.	Consideration could be given to mechanisms that allow proponents to secure future obligations while delaying expenditure until impacts occur.
There is a fundamental mismatch between offset thresholds.	There appears to be a significant imbalance in the current framework whereby offsets can be triggered based on relatively low evidentiary thresholds, including habitat associations and inferred species presence, while demonstrating suitable offset outcomes requires a much higher evidentiary standard. In practical terms, there is a low threshold for requiring an offset but a very high threshold for acquitting one.	Related to this, the "like-for-like" requirements should better align with the way DETSI determines offset obligations.	If impacts are assessed using habitat associations, offset delivery should be able to utilise a similar approach. This would significantly improve the practicality of both proponent-driven and government-delivered offsets.
Voluntary environmental agreements.	There is uncertainty about how proposed voluntary environmental agreements would operate, including whether they would satisfy Federal offset requirements where State offsets are also intended to acquit Commonwealth obligations.	AEP support innovative delivery models, but voluntary environmental agreements must not create uncertainty where State offsets are also intended to acquit Commonwealth obligations.	Any new agreement model must be capable of satisfying relevant State and Commonwealth requirements.

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Commonwealth alignment.	Queensland's framework does not coordinate well with Commonwealth assessments. Alignment is particularly important where State offset delivery is intended to satisfy, or contribute to satisfying, Federal obligations.	Queensland reforms should align with Commonwealth environmental offset requirements wherever possible.	A commitment that Queensland reforms will be aligned with Commonwealth offset requirements.
Proponent led offsets and voluntary agreements.	It is unclear whether voluntary environmental agreements would apply only to government secured offset projects or also to proponent led offsets.	DETSI should clarify whether voluntary environmental agreements would be available for proponent led offsets, government delivered offsets, or both.	The framework should not preference government delivery over proponent-led offsets where proponents can deliver practical, durable and scientifically valid outcomes.
Offset site location.	Proposed changes to the location of offset sites should be based on science, not arbitrary mapping lines.	Offset site location requirements should be science-based and outcome focused.	The framework should allow offsets to be delivered in locations that achieve the best environmental outcome, rather than being constrained by arbitrary boundaries that may not reflect ecological function or practical land availability.
Strategic Offset Investment Corridors.	The Strategic Offset Investment Corridors (SOIC) process appears to have stalled and may need to be refreshed.	The SOIC process should be reviewed and refreshed as part of the offsets reform.	Any corridor or priority area should be based on current ecological science, regional land use, landholder willingness and practical availability of offset land.

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Discharge of liability after disturbance.	If the framework moves toward broader landscape scale offsets that may take longer to secure, there is a case for clearer pathways allowing industry to discharge liability after authorised disturbance has occurred.	The Act should be amended to provide clearer pathways for proponents to discharge offset liability after authorised disturbance has occurred, particularly where financial settlement has been made or where impacts are temporary, rehabilitated or of low ecological value.	Allow for some offsets to be discharged after disturbance.
Incentives for proponent led offsets.	Better liability settings may encourage more proponents to deliver their own offsets rather than making financial settlement payments.	The framework should restore balance between financial settlement and proponent led offsets. Proponents should be encouraged to deliver their own offsets where they can achieve timely, durable and scientifically robust outcomes.	Recommend changes to make proponent led offsets more attractive than simply making financial settlement payments.
Highly disturbed agricultural land.	The framework may require offsets for highly disturbed agricultural land or may fail to properly recognise low habitat value in offset calculations.	Offset requirements should be proportionate to the actual ecological value of the impacted area. Highly disturbed agricultural land should not be treated as if it were undisturbed core habitat. The calculator and SRI guideline should recognise existing disturbance, habitat quality and realistic ecological function.	Recommend that highly disturbed agricultural land either not require offsets or have its lower habitat value recognised in the calculation.

Issue	Feedback	Comment	AEP's recommendation
Land availability.	The discussion paper does not adequately address shortages of land readily available for offsets.	Reform must address the practical shortage of suitable and available offset land. More flexible location rules, recognition of rehabilitation, landholder incentives and outcome-based delivery models should all be considered.	Recommend that land availability be treated as a core reform issue.
Greater flexibility in offset delivery.	A departure from strict like-for-like requirements is potentially the most effective reform proposed.	This is potentially the most effective reform proposed. Strict like-for-like requirements are increasingly difficult to achieve due to limited land supply, competing agricultural land uses and long-term management obligations.	Develop transparent criteria governing when alternative offset outcomes are acceptable.
Legislative clarification and modernisation.	Modernisation of the Environmental Offsets Act is appropriate and should improve administrative efficiency.		Industry would welcome the opportunity to review the redrafted legislation.
Mitigation hierarchy definition.	Formal recognition of the mitigation hierarchy is consistent with contemporary environmental regulation.		Ensure practical guidance is provided regarding application.
Enable Environmental Offset Protection Areas (EOPAs) for Commonwealth and State offsets.	Has the potential to significantly reduce duplication and improve approval efficiency.		Ensure title registration and legal enforceability arrangements are robust and recognised by both governments.

Issue	Feedback	Comment	AEP's recommendation
The paper largely focusses on unlocking the offsets account.	The evidence provided suggests the timeframe to secure offsets may not be a key ecological issue, given the Government is holding more than 80% of financial offsets paid since 2014.	Industry to be allowed discharge liability after disturbance has been made. If DETSI are proposing to take longer to pursue broader landscape scale offset projects, industry should be given clearer pathways to discharge liability after authorised disturbance has occurred.	The Act should be amended to allow offset liability to be discharged after disturbance has occurred.