

12 April 2019

Manager
Environmental Offsets Review
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Dear Manager – Environmental Offsets Review

Cement, Concrete and Aggregates Australia (CCAA) is the peak industry body representing the \$12 billion-a-year heavy construction materials industry in Australia. Our members are involved in the extraction and processing of quarry products, as well as the production and supply of cement, pre-mixed concrete and supplementary materials. We welcome the opportunity to provide feedback on *A review of Queensland's environmental offsets framework – a discussion paper (draft paper)*

The Queensland Extractive Industry

The Queensland extractive industry produces approximately 45 million tonnes of material per annum from hard rock, sand and river gravel quarries. The material is used for a range of local construction purposes, most particularly in concrete (made up of about 80% rock, sand and gravel), road base (made up of about 90% rock, sand and gravel) and a range of other applications, such as railway ballasts, landscaping, drainage, water filtration, and sporting fields.

- The vast majority of extractive materials are used *locally* (usually within a 60-80km radius) as transport of goods (usually by heavy vehicle) is expensive. Unlike the mining industry, the extractive industry is spread right across the State, particularly in areas closer to population settlement and where the geology is most suitable.
- There are approximately 500 operational quarries across the state which regularly provide materials to customers, and another 500 smaller quarries that on an “as needs” basis. The State’s largest quarries produce in the order of 2 million tonnes of material per year.
- Most quarries (about 60%) have less than 15 people employed at their site. Just over 40% of quarries have 10 employees or less.
- Unlike the mining industry, quarries are usually located on freehold land, and gain approvals through local government planning and development processes.
- Extractive industry operators are long term participants in an industry with many extractive resource areas in Queensland having lives in excess of 50 years. Existing extractive resources sites contain substantial reserves, which, over a long period of time, the industry has identified, investigated, secured and, in a majority of cases, have obtained the necessary planning approvals.

- The extractive industry carries out progressive vegetation clearing and rehabilitation in line with sequenced extraction - not broad scale clearing. Quarry operators aim to rehabilitate local ecosystems and reduce their environmental impact through ongoing rehabilitation projects. This is a significant part of the quarrying industry, as 80% of our quarry land is actually undisturbed, with large buffer areas retained.

Core Principles for Best Practice Environmental Offset Policy

CCAA has a set of core principles for best practice environmental offset policy as outlined below:

1. **Better environmental outcomes:** Offset policy should result in measurable improvements to the environmental values of a region. Extractive industry should be seen as a positive contributor to the increase in biodiversity and improved environmental outcomes or uses that deliver a community benefit.
2. **Efficient and cost effective:** Efficient regulatory practice is demonstrated by an economical 'one stop shop' assessment and approvals process. A well developed, transparent offset market available on freehold and public land also helps to increase supply to reduce the costs of offsets. Cost effective alternatives to land offsets should also be available.
3. **Proportionate:** Offset requirements should be proportionate to risk involved.
4. **Quantifiable, certain, consistent and transparent:** Offset policy should include metrics so that the environmental outcomes over the life of the quarry operation can be quantified and costs of offsets and outcomes of the system publicly reported. The policy should also be underpinned by transparent, online biodiversity tools and calculators that are simple to use, and supported by robust, peer reviewed scientifically valid data. This, in turn, supports a simple, standard methodology that delivers a certain and streamlined process, with just outcomes. Harmonisation between Commonwealth, State and Local Governments improves consistency of approach, reduces duplication, reduces regulatory burden and improves environmental outcomes.
5. **Staged and flexible:** Offset policy should allow for staged offsets over the life of a quarry as the site is progressively rehabilitated. Onsite rehabilitation to an appropriate standard provides for the environmental benefit to be realised at the site over the life of the operation. This minimises upfront costs to the proponent, spreading costs over the life of the project, reducing barriers to investment.
6. **Equitable and fair:** The policy should provide outcomes that are equitable so that the industry contributes a just amount for compensation of unavoidable environmental impacts and the community receives a fair public return. This should be supported by adequately resourced Government compliance and enforcement of the system to ensure obligations of the system are being met by all stakeholders. Regulator activity should be according to the hierarchy of enforcement framework where the emphasis in the first instance is on education, guidance & support for industry to comply with its legal requirements. There should be an emphasis on risk based enforcement where the great enforcement effort is placed in the area of greatest environmental risk.

Comments on draft Paper

Our industry believes that a revised approach is needed for environmental offsets for the extractive industry – an industry providing construction material to local communities, that progressively clears and rehabilitates, and an industry that has a long term relationship with the land on which it is based. Please find below additional CCAA member comments on the draft Paper.

1. Environmental outcomes

CCAA is supportive of the Government's commitment to evaluate the environmental outcomes that the framework has delivered, reviewing of which activities and environmental values require offsets, examining areas where offsets may or may not be appropriate, and considering the level of compliance with offset delivery plans.

CCAA is supportive of a single, coordinated offsets framework for Queensland

2. Alignment with best practice

CCAA is supportive of a coordinated approach to offsets across all levels of government (Commonwealth, State and Local Government) including removing duplication of environmental assessments for offsets. Aligning Commonwealth, State and Local Government assessment and approval requirements is vital and that Commonwealth EPBC Act – State bilateral assessment and approval agreements should be in place for all states.

3. How we measure offsets

CCAA is supportive of an offsets policy that has clear obligations and simpler assessment of the environmental matters that require an offset, as well as transparent, proportional and equitable calculation methods. The value of onsite revegetation should be recognised, and onsite rehabilitation should be able to be included in offset requirements. There should be recognition for the ecological value of what quarries have put in place (ie buffers, vegetation planting, weed control and land management).

CCAA members suggest that offset size (ratio) should be economically feasible (1:2 should be a maximum). If it is too high then it will impact on the affordable supply of materials for infrastructure. As well previous environmental uplift work on quarry should be eligible for offsets retrospectively. It is important that financial settlement offsets are based on accurate calculation assumptions to ensure they are an affordable option. The financial calculator should not be based on the value of the Impact Site (which is often urban). Rather, it should be based on the likely Offset Site Value which are located in more rural areas. We have attached an example of a 40 hectare offset site for the Brisbane LGA which identifies a \$9M landowner incentive for the land. It is highly unlikely that the State would spend \$9M for a 40 hectares offset site (\$230,000/ha). Based on our view of recent sales of rural parcels in proximity to the Brisbane LGA, vacant, cleared parcels sell for approximately \$20 – 30,000/ha.

Establishing an advanced offset is an expensive, complex and uncertain process for landowners which erode availability of advanced offsets for industry. It is recommended that DES investigate opportunities to improve the process for establishing advanced offsets including options for a 'preliminary advanced offset register' (with a simpler baseline study requirement) and present these sites to developers as potential offset sites (subject to further detailed assessments). Landowners can then have a degree of certainty regarding the prospects of a potential offset agreement prior to undertaking expensive baseline studies and reporting.

4. Security and transparency

CCAA also supports a flexible offset policy for industry to provide their own environmental offsets, as well as the opportunity for landholders to receive income in return for voluntarily agreeing to manage their land, or part of their land as an offset. Environmental offset requirements should be commercially viable as well as delivering strategic environmental outcomes.

Offset areas should be approved at the Development Application stage (ie locked in to create certainty), while offset implementation can be staged over time as the quarry is developed. Extractive industry offset requirements should be included in strategic land use planning, facilitate streamlined approvals, and delivering consolidated offsets, improving environmental outcomes.

As well, vegetation mapping which triggers the requirement for offsets should not change as it leads to increased uncertainty for industry.

5. Offset opportunities

CCAA members believe it is important to have flexible and commercially feasible offset options so as to avoid areas of quarry sterilisation. CCAA is supportive of strategic offset delivery including the provision of a number of options to choose when delivering environmental offsets including financial settlements, proponent driven offsets, or a combination of both. CCAA believes that a flexible approach to offsets should be available so that other cost effective options can be pursued if economic land offsets are not available. Alternatives to offsets include

- Payment for approved works
- Rehabilitation of degraded land or lower vegetation value land to the required level
- Contribution to environmental research, community environment programs, environmental education programs, and/or other conservation activities or indirect offsets.

Such options would allow for staged payments in alignment with the staged development and progressive rehabilitation of the quarry.

Thank you for the opportunity to provide our submission. To further discuss any of the issues raised in the submission, please contact me on 3227 5210 or aaron.johnstone@cca.com.au

Yours sincerely



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