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Seqwater Submission - Public inquiry into the impacts of the Australian Government's 2025 reforms to the Environment Protection and Biodiversity Conservation Act 1999 (Cth)

We refer to the Queensland Productivity Commission (**QPC**) public inquiry into the impacts of the Australian Government's 2025 reforms to the *Environment Protection and Biodiversity Conservation Act 1999 (Cth)* (**EPBC Act**) on Queensland (**Reforms**).

Seqwater welcomes the opportunity to provide feedback on this issue, as it is uniquely placed as the bulk water supplier to South East Queensland and as a proponent of several significant capital works projects that have been referred under the EPBC Act.

Introduction

Queensland Bulk Water Supply Authority trading as Seqwater (**Seqwater**) is a Queensland Government statutory authority responsible for the bulk water supply system across South East Queensland, including the management of dams, weirs, water treatment plants, bulk water pipelines, catchment lands and related infrastructure.

Seqwater's assets and operations interface with waterways, catchments and environmentally sensitive areas, and has also referred a number of works under the EPBC Act.

In response to the matters raised in the Terms of Reference, Seqwater provides the following submission.

Regulatory burden and compliance impacts

Seqwater notes that the Reforms introduce a more structured environmental approval framework, including National Environmental Standards (**NES**), changed assessment pathways, revised offset

requirements, stronger compliance mechanisms and the new National Environment Protection Agency (NEPA).

Consistent with the intent of the Reforms, Seqwater supports the introduction of clearer standards that help proponents understand information requirements earlier in the project lifecycle. This could reduce reliance on informal agency advice during assessments and provide more certainty around survey requirements, assessment methodologies and offset expectations.

Notwithstanding this support, Seqwater has reservations about whether the Reforms, as currently drafted, will achieve this outcome. While the NES are intended to provide greater clarity, significant uncertainty remains regarding their interpretation, implementation and interaction with other elements of the regulatory framework. The Standards, supporting guidance and administrative arrangements are still evolving, creating a risk that project requirements may change as the framework matures and is applied by different agencies and jurisdictions.

Duplication between the EPBC Act, NES, policies and administrative guidance could also introduce additional complexity rather than reducing it. For infrastructure proponents, certainty will depend on the consistent application of these requirements by decision makers across State and Commonwealth assessment processes.

Seqwater considers that the effect of the Standards may require more front-end work to be undertaken in the earlier part of the project lifecycle. For infrastructure projects, this may include more detailed environmental investigations, technical studies, earlier consideration of design options, and consideration of avoidance, mitigations and offset measures to demonstrate that impacts are acceptable.

Seqwater notes that approval decisions will be contingent on demonstrating that an action or class of actions (as a whole) will not have, or be likely to have, an unacceptable impact on a protected matter, with only limited exceptions where national interest considerations apply. An offset cannot make unacceptable impacts acceptable. Seqwater welcomes further detail of what will constitute an unacceptable impact for each protected matter and guidance for each protected matter to provide further certainty.

For Seqwater, this may affect how projects are scoped, funded and delivered, potentially resulting in longer lead times, increased costs and approval delays. The financial and administrative burden may not translate into material environmental benefits and could affect timely delivery of essential public infrastructure.

While Seqwater recognises the important role of the new NEPA in overseeing accredited instruments and bilateral agreements, the administration and monitoring of mandatory standards across multiple jurisdictions may introduce additional complexity and uncertainty during implementation.

Overall, Seqwater is supportive of the Reforms where they provide clearer, more efficient and more certain assessment pathways that facilitate the delivery of critical infrastructure across South East

Queensland. However, further detail is required on how the framework will operate in practice, particularly in relation to the assessment and approval of essential public infrastructure projects.

The Offset National Environmental Standard

Seqwater has previously made a submission to the Department of Environment, Tourism, Science and Innovation. That submission is **Annexure A**.

Seqwater is a significant landowner across Queensland and can (and does) deliver offsets for impacts across Queensland for its projects. There are opportunities for programmatic or portfolio-based delivery models, where proponents such as Seqwater deliver offsets across their estate at scale over time rather than site-by-site. This would make securing on the ground offsets more achievable and accessible and an alternative to a financial offset.

The National Offset Standard (**Offsets Standard**) will be a legislative instrument made by the Minister as a legislative instrument.

As noted above, the Minister, or accredited decision maker, will only be able to approve an action if satisfied that doing so is consistent with any prescribed NES.

To satisfy the Minister or an accredited decision maker, a proponent will need to demonstrate compliance with the Offsets Standard. Seqwater does not have the level of flexibility in the location or orientation of its projects like other proponents may, resulting in greater work up front to secure and have approved offsets for projects. If offsets cannot be secured, greater guidance on what indirect offset options or other mechanisms that may be available is required.

Under the Queensland *Environmental Offsets Act 2014* (Qld) and *Environmental Offsets Regulation 2014*, (Qld) a formal statutory process exists for the registration of advanced offsets. This process allows proponents to nominate, assess, and register a site in advance, with the offset formally recognised and available for future use once approved. Registration requires demonstration that the site contains suitable environmental values and that long-term management commitments can be secured.

In contrast, the Commonwealth framework (administered under the EPBC Act), recognises advanced offsets through policy rather than a statutory registration mechanism. While proponents may prepare and manage offset sites in advance, offsets are only formally assessed and approved when linked to a specific action referred under the EPBC Act. As such, Commonwealth recognition of advanced offsets remains contingent on future development proposals and their associated offset requirements, creating uncertainty that offsets established by Seqwater may not be recognised by the Commonwealth in future.

The Reforms propose that an offset activity that is registered as an advanced restoration action under regulations can be implemented if the offset is direction at the protection, conservation, or restoration of a protected matter that can be undertaken prior to referral. While advanced restoration actions can be complex to approve and administer, Seqwater welcomes opportunities for their greater utilisation.

Seqwater supports the use of advanced restoration actions and the opportunity to leverage its estate land to deliver them. Greater certainty around the recognition of advanced offsets would enable Seqwater to plan and invest in offset delivery ahead of future projects, potentially increasing the provision of direct offsets and reducing reliance on financial offsets.

Without alignment between State and Commonwealth arrangements, there is a risk that different offset requirements and recognition mechanisms could result in significantly different offset obligations under each framework.

Brief commentary on some of the principles in the Offsets Standard follows.

Principle 1

Principle 1 requires an offset activity to be feasible. One aspect of feasibility is that an offset will, on its own or in combination with other offset activities, result in the conservation of an affected protected matter or a net gain. In relation to the Queensland offset framework, Seqwater has advocated for a more flexible approach in delivering offsets (such as estate based offset planning and more flexible indirect offsets).

Seqwater would welcome any approach where its Commonwealth and State offset requirements can be met in a flexible manner or spread across a range of activities. Feasibility also requires satisfaction of the net gain test for the protected matter and that it will achieve the intended outcomes in a reasonable and ecologically reasonable timeframe having regard to the damage from the residual significant impact. No guidance on what is reasonable is currently available and Seqwater would welcome that guidance.

Seqwater supports the availability of financial offsets, particularly for projects with limited flexibility in their location, such as water infrastructure. Seqwater encourages consideration of amendments to the Queensland offsets framework to remove duplication of assessment or requirements, while retaining the flexibility needed to complement any added complexity introduced under the Reforms.

Net gain test

Seqwater understands that where there is a residual significant impact on a protected matter, the approval should pass the 'net gain test'. An approval will pass the net gain test if the approval conditions require a proponent to compensate for damage caused by the residual significant impact or pay a restoration contribution charge. If residual impacts are to be compensated by environmental improvement to protected matters, Seqwater would be supportive of a flexible approach to achieving this compensation through direct and indirect offsets activities, or a combination of both.

We note that there may be opportunities to use advanced restoration charges and for their consideration as an additional benefit in an overall offset activity. Seqwater is supportive of methods where its offset requirements can be met in different ways while delivering high quality environmental outcomes.

There is an opportunity for Queensland's offset framework to also adopt a more flexible approach to offsets so that investment in high quality compensation measures for protected matters may be able to be planned for and invested in to as offsets at both the Commonwealth and State level.

The Queensland financial calculator was established in 2014 and updates to it have been required for some time to reflect the true costs of delivering offsets in Queensland.

There is insufficient detail on how feasibility or net gain is to be calculated or sufficient certainty of what a proponent must deliver to satisfy this. Seqwater considers that greater clarity would be beneficial and especially on how this would work on the ground.

Seqwater broadly supports the Offsets Standard, noting it is not yet finalised, but notes there is a level of uncertainty on how it will operate in relation to the Queensland Offset Framework and the accreditation of a Queensland assessment processes.

Principle 2

Principle 2 deals with the applicable maintenance period which is either the earliest of 20 years or until the outcome of the offset activity becomes self-sustaining.

Seqwater supports a more flexible approach to delivering offsets in Queensland which may include providing forward planned offsets across its estate for its projects. In Queensland, offset obligations cease when an administering agency is satisfied the actions in the offset delivery plan are completed and the offset has been secured for a time as the duration of the impact.

An amendment to Queensland legislation to an offset obligation being until it becomes self-sustaining may shorten the timeframes in which an offset obligation is required where those species are fast growing. Self-sustaining for slow growing species may take significantly longer than the 20 year period proposed by the Commonwealth.

If there are opportunities for programmatic or portfolio-based delivery models, where proponents such as Seqwater deliver offsets across their estate at scale over time through advanced restoration charges rather than site-by-site, this would make securing on the ground offsets more achievable and accessible and an alternative to a financial offset.

Seqwater would encourage amendments to Queensland legislation to reflect aspects of the Reforms so that in time it can meet offsets obligations for MNES and MSES across its estate consistently.

Principle 3

This requires an offset activity to provide a direct and tangible benefit to the protected matter.

Essentially a benefit must be quantifiable or qualitative and contribute to the recovery of the protected matters. This is to be determined by expert evidence. However, guidance on how this will be assessed is not yet available and remains unclear.

Subsection (5) of Principle 3 requires an offset to be a direct offset unless an indirect offset has been identified as a high priority measure. However, the Standard provides little guidance on what may constitute an acceptable indirect offset beyond such a designation. This limitation may unnecessarily restrict the use of indirect offsets, even when they are readily available, capable of delivering meaningful environmental outcomes and could form part of a wider offset activity.

Seqwater considers flexibility could be achieved by simply allowing indirect offsets to be assessed on their merits as part of a broader offset package, rather than limiting their use solely to circumstances where they have been identified as a high priority measure.

We understand that the current policy under the EPBC Act allows up to 10 per cent of an offset obligation to be delivered through indirect offsets. The proposed Standard reflects a departure from this approach and may significantly reduce opportunities to utilise indirect offsets within accredited assessment processes.

Seqwater supports the use of well designed and appropriately governed indirect offsets, particularly when they can deliver valuable environmental outcomes that may not be achievable through direct offsets alone. While restrictions on indirect offsets under the Commonwealth framework may create opportunities to pursue such measures under Queensland arrangements, their use within accredited processes would remain constrained unless they are formally identified as a high priority measure.

As a long term infrastructure provider, Seqwater is generally well placed to plan and register future offset requirements and has the capability to develop and undertake research based indirect offset activities. However, limiting indirect offsets to circumstances where they are prioritised reduces certainty for proponents and makes it more difficult to identify, develop and invest in these opportunities ahead of time. As a result, potentially beneficial offset opportunities may be lost.

Principle 4

Seqwater notes that whether an offset activity delivers a measurable improvement to the affected protected matter, relative to the baseline condition expected in the absence of the offset, will ultimately be determined by expert evidence. It is not clear how this baseline would be established or what factors will be considered in determining it. Seqwater would welcome further information on the methodology used to establish baselines and how these will be applied consistently in practice. Seqwater also notes that the Queensland Offset Framework may need to consider how any Commonwealth baseline requirements interact with the delivery and assessment of offsets under the State framework.

More broadly, Seqwater would welcome additional guidance on the circumstances in which an offset activity will be considered to deliver a measurable improvement relative to the baseline condition. This would provide greater certainty for proponents when designing and assessing offset proposals.

Principle 6

Seqwater is supportive of the measures in subsection (2) that an offset activity may deviate from a like-for-like offset if a decision maker is satisfied it will deliver greater conservation benefit for the protected matter than if a like-for-like outcome was delivered.

However, this does call into question the feasibility and circumstances when alternatives to like-for-like can be delivered. This will affect the ability of Seqwater and proponents to identify suitable alternatives for like-for-like and provides significant discretion for the decision maker without guidelines for decision

making that are available to proponents. Further, consistency with prioritisation set out in a conservation planning document may further limit feasible, valuable and available departures from like-for-like offsets.

Bilateral Agreements

Seqwater supports measures that make greater use of State and Territory assessment processes and reduce duplication between State and Commonwealth approvals. However, there is a risk that, if the NES are not implemented and applied consistently, the additional requirement to assess compliance with the NES may introduce delays within accredited assessment processes.

Seqwater notes that assessments undertaken under bilateral agreements will only be accepted where they are consistent with the NES. As a result, State and Territory assessment processes will need to effectively and efficiently demonstrate compliance with these Standards. Clear guidance on how the NES will be applied and assessed within accredited processes will be important to support consistent decision making and minimise the risk of delays or additional administrative burden for proponents.

Seqwater also undertakes works under the *State Development and Public Works Organisation Act 1971* (Qld) (**State Development Act**). Should those work regulations be utilised and involve an impact on an affected matter, Seqwater would be supportive of how this process can also be part of an accreditation process.

Bioregional Planning

Bioregional plans may now be created in conjunction with State and Territory governments. The plans will map 'development zones' in which certain registered 'priority actions' will not need to be referred or approved. Seqwater welcomes opportunities for public infrastructure to proceed by registration in Development Zones avoiding the need for assessment. Regarding the conservation zones, Seqwater notes that its infrastructure cannot be easily moved or reoriented. Seqwater supports the intent of achieving environmental conservation in these areas but notes that if its planned infrastructure is in a conservation area, it may prohibit or cause delays in an assessment process and ultimately affect the delivery of critical water infrastructure. Seqwater also notes that the finer details of those zones will need to be captured.

Economic and productivity impacts

Seqwater owns and operates 32 water treatment plants, 26 dams, 48 weirs, and two borefields across the region and provides recreation facilities across assets. Seqwater plays a central role in planning, managing and delivering water infrastructure to support population growth, environmental outcomes, and water security.

Seqwater is also involved in the current referred matters under the EPBC Act:

- Toowoomba To Warwick Pipeline
- Wyaralong Water Treatment Plant

- Northen Pipeline Interconnector-3
- Dayboro Pipeline
- Lowood Water Treatment Plant
- Mt Crosby Additional Pathogen Barrier Project
- Kilcoy Water Treatment Plant Upgrade
- Esk Water Treatment Plant Upgrade.

Increased complexity in environmental approvals may affect the timing, cost and delivery of critical water security infrastructure.

Additional assessment requirements, offset obligations and approval uncertainty may increase delivery timeframes for water and enabling infrastructure that supports population growth, housing supply and regional development.

Longer lead times will also affect the timing, cost, delivery of crucial water security infrastructure. It is difficult for Seqwater infrastructure upgrades to be relocated as its infrastructure is constrained by hydrology, water source location, existing network assets, terrain, land tenure, dam safety and demand.

These practical constraints should be reflected in the Reforms for entities that deliver critical public infrastructure, as they play a fundamental role in the economic activity of the State. Opportunities for an expedited approval pathway are welcome to reflect the criticality of the public infrastructure delivery.

Seqwater supports measures that make more effective use of Queensland assessment processes and reduce duplication. Queensland already has established planning, environmental, water, vegetation, protected species and offsets frameworks. Where those processes adequately assess relevant environmental impacts, they should be capable of being relied upon for Commonwealth purposes under an accredited process.

However, Seqwater notes that accreditation will only reduce duplication if it is implemented in a practical and timely way. If Queensland processes must be substantially redesigned to satisfy or accommodate NES, or if proponents must still prepare separate assessment material for Commonwealth or State purposes, the expected efficiency benefits may not be realised.

Clear bilateral and accreditation arrangements that allow State assessment material to be used directly for EPBC Act purposes wherever possible would be supported by Seqwater. This may include consideration of infrastructure designation and development assessment processes under the *Planning Act 2016* (Qld), water-related approvals under the *Water Act 2000* (Qld), Queensland offsets processes and approvals under the State Development Act including work regulation approvals.

Land and Risk Management Implications

Seqwater manages significant landholdings across South East Queensland and has a strong interest in maintaining healthy and resilient drinking water catchments.

There are aspects of the Reforms that may support positive catchment outcomes, such as greater emphasis on avoiding and mitigating impacts before relying on offsets, which may improve outcomes for MNES and support improved catchment condition. Seqwater would welcome the ability to deliver offsets for improvements to catchment conditions and restoration activities.

The increased emphasis on avoiding and mitigating impacts before offsets are considered is likely to strengthen the protection of drinking water catchments areas. This can contribute to maintaining drinking water catchment conditions and water quality outcomes, helping to reduce the complexity and costs of source water treatment that Seqwater undertakes.

Where residual impacts remain, the shift to achieving a net gain environmental outcome through offsets or advanced restoration contributions can support and complement Seqwater's investments in catchment restoration and improvement if they are delivered in drinking water catchments.

However, there is a risk that increased approval requirements could reduce flexibility and responsiveness for activities associated with land stewardship, catchment management, flood mitigation and the maintenance of critical water infrastructure assets. There is also potential for increased financial and administrative burden throughout the operational phase of activity with minimal material environmental benefit.

Delays in obtaining environmental approvals for upgrades, maintenance or resilience projects may inadvertently increase operational costs, community safety, service delivery, and environmental and operational risks, particularly where projects are required to address emerging asset or dam safety risks.

Bioregional Guidance Places

Separately, the Commonwealth and Queensland governments are currently preparing three pilot bioregional guidance plans. These are not the new regulatory bioregional plans provided by the Reforms, however they are intended to deliver similar outcomes by providing strategic guidance and advice on where development impacts should be avoided, manage cumulative impacts and restoration activities at a landscape scale.

They are intended to improve development certainty and support more streamlined assessment and approvals processes by helping proponents identify and avoid environmental impacts early in project planning, before projects enter formal approval pathways. Seqwater would support guidance on how these may be affected by the Reforms.

Intergovernmental and administrative arrangements

Seqwater considers that Commonwealth and State alignment is one of the most important issues and opportunities for the successful implementation of the Reforms.

Seqwater notes that accreditation will only reduce duplication if it is implemented and applied effectively and consistently. Seqwater also notes that bilateral agreements present an opportunity to reduce duplication however they are currently only for coordinated projects. Seqwater may undertake works that

may now necessitate an Environmental Impact Assessment (such a works regulation under the State Development Act).

The key issue is whether the reforms deliver a genuine one assessment outcome, or whether proponents are still required to satisfy both State and Commonwealth requirements separately by reason of gaps in the assessment processes sitting outside an accredited process, and whether they deliver strengthened bilateral arrangements that reduce duplication while maintaining environmental outcomes under an accredited process.

Conclusion

Seqwater is supportive of the work of the QPC in relation to assessing the impact of the Reforms in Queensland. Seqwater is available for further consultation or to answer any questions in relation to the above.

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Seqwater Submission Review of Queensland's Environmental Offsets Framework

Queensland Bulk Water Supply Authority (trading as Seqwater) (**Seqwater**) is a Queensland Government statutory authority established under the *South East Queensland Water (Restructuring) Act 2007* (Qld) and is responsible for the bulk water supply system across Southeast Queensland, including dams, treatment plants and bulk water distribution networks.

Seqwater welcomes the opportunity to provide feedback to the Queensland Offsets Regime. Seqwater has practical experience navigating environmental offset requirements. Its projects often involve large land footprints and complex environmental interactions, requiring significant offset obligations for Seqwater which often cannot be delivered on land it owns.

This submission outlines key observations and recommendations to improve the effectiveness, efficiency and practical delivery of the Framework by addressing the focus areas outlined in the paper and questions posed within. Seqwater supports the Queensland Government's review of the Offsets Framework in Queensland, applicable legislation and policies and improvements to its effectiveness, efficiency, and deliverability of offsets in Queensland.

Executive Summary

Seqwater has experience delivering large-scale water infrastructure and key challenges include delays in offset delivery, limited land availability, outdated financial settings, and regulatory complexity. Seqwater is supportive of measures that enhance environmental outcomes while providing certainty in offset delivery when delivering critical infrastructure across Queensland. Seqwater supports a more flexible, outcomes-driven approach where robust controls can be implemented.

Seqwater considers reform of the financial settlement offset calculator is a priority given it dates to 2014. Current settings may not reflect market conditions and may underestimate delivery costs. Updating cost inputs, removing unrealistic discounting, and incorporating contingency provisions will improve funding reliability.

Seqwater also supports clearer, streamlined regulation, including simplified legal security, reduced duplication, and stronger alignment with Commonwealth frameworks and expanding indirect offsets to include water quality improvement projects is also supported.

Opportunities to be able to utilise aquatic as well as traditional terrestrial offsetting under the Framework is worthy of further consideration by Government as part of this review.

Focus Area 1 – Unlocking the offset account

Seqwater supports greater efficiencies in offset delivery and notes that the accumulation of funds for financial offsets is a key issue for consultation. While financial settlement offsets are widely used, delivery challenges remain significant due to land scarcity, regulatory complexity, and difficulties in securing long-term landholder participation.

What can be done to utilise or unlock the offset account?

Seqwater is a significant landowner across Queensland and can (and does) deliver offsets for impacts across Queensland for its projects. South East Queensland's catchments cover more than 1.2 million hectares of land while Seqwater only owns or is trustee of 68,427.19 hectares of this land.

There are opportunities for programmatic or portfolio-based delivery models, where proponents such as Seqwater deliver offsets across their estate at scale over time rather than site-by-site. This would make securing on the ground offsets more achievable and accessible and an alternative to a financial offset.

Greater flexibility such as landscape-scale and "like-for-better" offsets is essential where strict like-for-like outcomes are not feasible for proponents such as Seqwater. There may also be opportunities for models where multiple proponents contribute co-investment model for delivering offsets.

Seqwater would also be supportive of exploring the feasibility for forward allocation of funds from the offset account to be used to support priority corridors or water catchments. This would ensure that the lag between payment and delivery is shortened and the financial offset funds are used effectively.

Seqwater is conscious that the environmental benefit of holding financial offset funds for a period after the action occurs without any mitigation is something that the offsets regime in Queensland may want to avoid.

It may be worthwhile for a framework to be established where funds are used for more flexible delivery options if not utilised after a period of time. Seqwater considers that unlocking the Offset Account may be achieved through a shift toward embracing more strategic and flexible delivery models that reflect the scale and complexity of infrastructure delivery.

This would assist Seqwater in delivering the offsets for impacts of its projects.

What are some ways the challenges outlined could be addressed?

Seqwater considers the Queensland offset regime may benefit from a strategic and flexible approach to offset delivery and land utilisation. This may include prioritising the use of strategic acquisition zones and suitable public land, such as the Seqwater estate, to reduce reliance on purely market-led mechanisms and mitigate constraints associated with land availability.

Flexibility in the “like-for-like” requirements may enable offsets or outcomes for aquatic environments where direct ecological replication is often not feasible.

In addition, the development of standardised offset packages such as for koala habitat, riparian areas or wetlands could assist in streamlining negotiation and approval processes.

Seqwater would also welcome opportunities to reduce long-term landholder burdens through graduated or staged legal security mechanisms rather than upfront perpetual encumbrances.

How could a flexible delivery model ensure conservation outcomes are secured?

Seqwater considers that there are opportunities for a flexible delivery model which can support the achievement of robust conservation outcomes underpinned by clear, measurable, and risk-based frameworks.

This may include adopting a risk-based approach in which higher-risk and higher impact environmental impacts continue to require strict like-for-like offsets, while allowing greater flexibility (such as substitution or indirect offsets) for lower-risk and lower-impact environmental impacts.

A shift toward outcomes-based measures, including defined ecological performance indicators, would provide greater assurance of environmental outcomes compared to prescriptive input controls.

There may also be flexibility in delivery models to support landscape-scale and multi-tenure projects, particularly where traditional legal security arrangements are impractical, but outcomes can be clearly demonstrated and monitored.

In addition, embedding adaptive management approaches, including milestone-based release of offset account funding, would ensure that offset delivery remains responsive and accountable, and that conservation outcomes are achieved over time.

Seqwater is mindful that any introduced flexibility should create greater certainty rather than uncertainty in terms of delivering offsets.

Focus Area 2 – How financial offsets are calculated

Seqwater considers that the current financial settlement offset calculator may not reflect current market conditions and underestimates the true cost of delivering offsets.

Are the current settings for the financial settlement offset calculator appropriate?

Seqwater considers that the current settings of the financial settlement offset calculator may not adequately reflect the true cost of delivering environmental offsets under current conditions. The calculator relies on cost assumptions that have remained largely unchanged since its introduction in 2014, resulting in a disconnect between calculated offset values and actual market costs.

In addition, the application of broad sliding scale discounts, based on assumed economies of scale, do not reflect the practical realities of offset delivery and can reduce the funding available for conservation outcomes.

The absence of contingency allowances for delivery risks, such as natural disasters or implementation challenges, may also be beneficial to implement. Collectively, these factors may contribute to an

underestimation of offset costs and constrain the ability to achieve timely and effective environmental outcomes.

How can Queensland ensure the financial settlement offset calculator is an effective tool

Seqwater strongly supports ensuring the financial settlement offset calculator is a robust and effective tool.

Seqwater supports a review of the calculator and for it to be regularly updated to reflect current market conditions and delivery realities. This may include indexing cost inputs to contemporary land values, CPI, and the actual costs associated with restoration and long-term management.

Seqwater considers that the current application of sliding scale discounts may also need to be reviewed to reflect demonstrated efficiencies, rather than assumed economies of scale. Consideration should also be given to introducing regional cost factors to account for variations in land values and delivery costs across Queensland.

In addition, incorporating appropriate allowances for delivery risks and contingencies such as natural disasters or implementation challenges would improve the reliability of the calculator and ensure sufficient funding is available to achieve intended environmental outcomes.

To what extent do you support alignment of the Queensland financial settlement offset calculator and the proposed Commonwealth Government financial offset calculator?

Broadly, Seqwater supports alignment between the Queensland and Commonwealth financial settlement offset calculators, including consistency in key inputs, assumptions and methodologies. Functional alignment has the potential to reduce duplication, streamline approval processes, and improve efficiency for projects that trigger both State and Commonwealth offset requirements.

However, Seqwater considers that full uniformity should not occur where it would limit the ability to respond to Queensland's specific ecological contexts, market conditions, and delivery models. Maintaining an appropriate level of flexibility will be important to ensure the calculator remains fit for purpose.

Focus Area 3 – How to improve regulation

Seqwater broadly supports the proposed amendments and policy changes, particularly those aimed at improving clarity, reducing duplication, and streamlining offset delivery.

Do you support the proposed amendments and policy changes? Why or why not?

Seqwater broadly supports the proposed legislative amendments and policy changes aimed at streamlining legal security and payment processes, enabling the use of advanced offsets, and improving alignment with Commonwealth frameworks. Reforms that address key sources of delay and complexity within the current framework and have the potential to improve the efficiency and certainty of offset delivery.

What issues require further consideration within the context of the Framework?

Seqwater considers that the introduction of clear statutory timeframes for the assessment and approval of offsets may improve certainty and reduce delays in delivering offsets.

Seqwater would also support greater clarity regarding how flexibility within the framework will be applied in practice, to ensure consistency and certainty in decision-making across administering agencies.

Seqwater notes that careful management will be required of potential risks associated with increased reliance on indirect offsets. Further alignment with the *Planning Act 2016* and associated infrastructure designation processes will be important, particularly for State infrastructure projects, to ensure a coordinated and streamlined approvals pathway.

What else would you suggest to improve the Framework? Please state what and why?

Seqwater considers the introduction of offset plans for major asset owners, such as Seqwater, could be pre-approved by administering agencies and support a coordinated and proactive approach to offset delivery.

This would enable estate-based offsets, where existing land portfolios can be used without triggering full acquisition or legal complexity for each project. This would also improve efficiency and reduce duplication.

Seqwater would also welcome a consideration of an offset banking or crediting system to support advanced offsets and reduce delays between impact and delivery and facilitate more effective forward planning.

In addition, establishing a more streamlined approvals pathway such as a single-agency or “one-stop-shop” model would assist in reducing complexity across State and Commonwealth processes.

Seqwater further supports expanding the scope of indirect offsets to include water quality improvement projects, such as riparian restoration, riverbank stabilisation, and catchment management initiatives. Recognising these types of activities as indirect offsets would enable proponents to contribute to broader catchment outcomes, delivering both biodiversity and water quality benefits where measurable environmental improvements can be demonstrated. Whether considered direct or indirect, the ability to include aquatic as well terrestrial offsets would be beneficial under the Offset Framework.

There may also be opportunities for increased transparency of the Offset Account to understand the projects being funded, delivery status and upcoming opportunities for forward planning.

Appendix A – Part A – Proposals to Address Regulatory Complexity

Amend legislation to increase clarity and meet contemporary drafting standards

Seqwater supports amendments to improve legislative clarity and align with contemporary drafting standards and considers this to be an important area for reform. Modernisation of legislative drafting standards may assist in improving usability, support more consistent interpretation, and facilitate more efficient offset assessment and delivery processes.

Removal of unnecessary barriers to delivering offsets

Seqwater supports the exploring options for the removal of unnecessary barriers to delivering offsets, particularly for infrastructure projects. Streamlining the current two-step election process and allowing for post-impact offset finalisation, where appropriate, may assist in simplifying delivery pathways.

Streamline processes for payment into the Offsets Account for State infrastructure projects

Seqwater is supportive of amendments which would streamline processes for financial offsets for State Infrastructure projects.

Streamline the legal security process

Seqwater supports the streamlining of the legal security process (especially the current two-step process), noting that simplification may assist in the planning and establishment of offsets. However, confidence needs to be maintained in the long-term protection outcomes. The introduction of alternative tenure models such as covenants and managements agreements may also assist in streamlining this process.

Enable the use of Environmental Offset Protection Areas for Commonwealth offsets

Seqwater supports enabling the use of Environmental Offset Protection Areas for Commonwealth offsets. This approach may assist in reducing duplication and improving delivery certainty for projects requiring both State and Commonwealth approvals. Improved alignment across jurisdictions would support more streamlined processes and contribute to more coordinated and efficient offset delivery outcomes.

Allow advanced offsets to be used under the Commonwealth offsets framework

Seqwater strongly supports enabling advanced offsets to be used under the Commonwealth offsets framework. This approach may assist in developing a pipeline of ready-to-use offsets, which could help reduce delays between impact and offset delivery. It may also support improved planning certainty and contribute to more timely environmental outcomes by reducing the lag between impact and mitigation.

Enable State Government Supported Infrastructure Koala Conservation Policy 2023 offsets to use Environmental Offset Protection Areas

Seqwater supports enabling offsets under the State Government Supported Infrastructure Koala Conservation Policy 2023 to utilise Environmental Offset Protection Areas. This approach may assist in improving the efficiency of offset implementation and supporting the delivery of infrastructure projects across South East Queensland's growth areas. It may also contribute to greater consistency in legal security arrangements across the framework.

Boost Queensland's protected area system through offset delivery

Seqwater supports initiatives to strengthen Queensland's protected area system through offset delivery. However, Seqwater considers that it is beneficial that sufficient flexibility is retained for operational land

uses, such as water supply catchments, where formal conservation tenure may not always be appropriate.

Consideration could also be given to how the framework is applied in practice, to ensure that offsets are not necessarily required to be secured through formal protected area mechanisms in all circumstances, particularly where this may present challenges for infrastructure operations. Maintaining a range of appropriate delivery mechanisms would assist in balancing environmental outcomes with operational requirements.

Appendix A – Part B – Proposed Amendments to the Policy

Improve consistency and clarity around rules for locating an offset site

Seqwater is supportive of measures to improve consistency and clarity in the rules for locating offset sites, noting that clearer guidance may assist in reducing uncertainty and supporting effective delivery outcomes.

Consideration could be given to the recognition of water resource catchments, as identified in the State Planning Policy, as areas that may contribute to biodiversity restoration and connectivity outcomes. This may also help support alignment between offset delivery and longer-term catchment management objectives.

While Seqwater acknowledges the value of a clearer locational hierarchy, it may be beneficial to retain flexibility to enable catchment-based and landscape-scale approaches, rather than relying solely on proximity-based rules.

In addition, the proposed Policy amendments relating to biodiversity restoration areas and connectivity offsets could consider the role of water resource catchments, recognising their contribution to both ecological connectivity and the protection of drinking water supplies. Alignment with catchment management objectives may also present opportunities for more coordinated delivery approaches and potential co-funding arrangements between infrastructure providers and developers.

Reduce restrictions on indirect offsets.

Seqwater is supportive of reducing restrictions on indirect offsets, including the potential to expand their application beyond the current 10 per cent limit, particularly for aquatic systems where direct offsets can be difficult to deliver. It may be beneficial, however, for any expansion to be supported by clear and robust measurement frameworks, to help ensure that indirect offsets deliver measurable and verifiable environmental outcomes and maintain the overall integrity of the framework.

Remove inflexible requirements for connectivity offsets

Seqwater is supportive of ensuring greater flexibility for connectivity offsets beyond non-remnant vegetation. It may be beneficial, however, for any expansion to be supported by clear and robust measurement frameworks, to help ensure that indirect offsets deliver measurable and verifiable environmental outcomes.

Yours sincerely

cc: [Enter text]