

## **SANTOS SUBMISSION TO EPBC ACT ENVIRONMENTAL OFFSETS POLICY – CONSULTATION DRAFT**

Santos is one of Australia's largest domestic gas producers, supplying oil and gas to both Australian and Asian customers and has been developing major petroleum exploration and production operations in Australia for more than 50 years.

Santos appreciates the opportunity to contribute to the Department of Sustainability, Environment, Water, Population and Communities' (SEWPaC) development of a policy framework on the use of environmental offsets under the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act).

Santos supports the articulation of an Environmental Offsets Policy under the EPBC Act (the policy). However, it is noted that key elements of the policy, such as the guiding framework (offsets calculator), are in the early stages of development with crucial elements still to be resolved. Importantly, this includes information on how impacts and offsets will be quantified. Santos submits that it is critical that further consultation and engagement be undertaken as the detailed elements are drafted and prior to finalisation of the policy to ensure the overall viability of the scheme.

Santos has considered the submission made by the Australian Petroleum Production and Exploration Association (APPEA) to SEWPaC and supports this submission.

In addition to the concerns outlined in APPEA's submission, Santos raises the following matters to SEWPaC's attention for consideration in the further development of the policy.

### ***Time Frames for Securing Offsets***

The draft policy does not address timing for when the offsets need to be secured in any great detail. In relation to long term and large scale projects, the time frames between receiving project approvals and achieving a Financial Investment Decision (FID) to proceed may be significant. In setting timeframes for delivering offsets, the draft policy should recognise that due to the geographical extent of such projects, a project may not commence development and may not have any significant impact on biodiversity values for a considerable period of time. That is, the need to offset biodiversity impacts from the project may not arise until some time after project approval has been granted and development of the project has commenced. In addition, many projects receive approvals but are not progressed for commercial reasons. Allowances should be made for these scenarios. Consideration should be given to a flexible (and possibly staged) approach to timing of the delivery of offsets. For example, the timing for offsets could be related to the commencement of certain project activities or linked to achievement of particular project milestones.

### ***Links with State Government Processes - Avoiding Duplication***

In terms of Matters of National Environmental Significance (MNES), Santos requests the Government continue to align the draft Policy with the respective State and Territory offset policies where applicable. While the different environmental objectives for offsetting impacts between State and Federal regulation are acknowledged, the ultimate objective should be one set of rules and one assessment process that achieves both jurisdictions objectives. This approach would eliminate any potential for double dipping, duplication of process or conflicting State and Federal conditions. The removal of regulatory duplication is particularly important given the associated uncertainty, time and cost it can add to a project.

### ***Advance Offsets / Banking of Offset Values***

The principle of providing Advance Offsets / or Bankable Offsets for future development is supported. This is in line with the QLD Biodiversity Policy and the NSW Biobanking Scheme. However, the rules and application of this process will need to be carefully implemented. Many companies are acquiring land for gas field infrastructure and may be in a position to also provide significant offset values. This is particularly relevant to large strategic properties that may be secured under an Offset Plan. However, given the nature of CSG development, a proponent may not be in a position to make a decision on what areas can be secured for future development due to with the progressive

development of the CSG field. Therefore, the draft policy should be sufficiently flexible to enable a proponent the opportunity to identify an advance offset and not be restricted to identifying precise locations and details of offsets at the time when an application referral under the EPBC Act is made. The practical application of the proposed arrangements should be made available for further comment prior to implementation.

### ***SEWPaC Assessment Process***

The draft policy requires the proponent to demonstrate that “all practical and reasonable measures have been undertaken to avoid and minimise the impacts to MNES”. The draft policy should provide guidance on what is expected by the proponent to demonstrate this requirement.

### ***Application of the Policy to Petroleum Activities***

The policy states that SEWPaC may in certain circumstances not apply the policy and then implement another assessment mechanism for offsets. This provides a level of uncertainty in terms of when and how the policy will be applied and what will be the final offset requirement. The draft document does not provide information about those situations when SEWPaC would deviate from the policy. Consistent and certain application of the policy is fundamental to its successful implementation and acceptance by industry and the wider community.

### ***Policy Review Period***

The draft policy provides for a five year review period. The introduction of the draft policy has significant implications for the petroleum industry in general. For the initial review period, consideration should be given to a two year period to ensure issues that may arise in the practical application and administration of the draft policy are dealt with expeditiously. A subsequent five year review period could be maintained once the initial review of the draft policy has been completed.

### ***Transitional Arrangements***

The draft policy does not address transitional arrangements for existing projects that are either being assessed or have been granted approvals under the EPBC Act. The Draft Policy should clearly state that it does not apply to projects which have already been approved under the EPBC Act. Once the draft policy proceeds towards its final stages of implementation, appropriate transitional arrangements / provisions should be put in place to avoid confusion or future uncertainty for projects which have been referred and determined to be a controlled action but have not yet been approved.

### ***Training and Implementation of the Draft Policy***

Training of assessment staff for the subsequent implementation of the draft policy will need to be carefully managed and resourced by the SEWPaC to ensure that there is a consistent and appropriate application of the draft policy. SEWPaC should provide extensive information sessions to the industry and companies that provide consultancy services for the petroleum industry.

### ***Offsets Assessment Guide***

Further to the matters raised in APPEA's submission in respect of the Offset Assessment Guide, Santos submits that for the guide to be effective, the development of metrics to quantify impacts and the appropriateness of offset actions should be specific to the particular environment or environmental issue being protected, as well as taking into account social and economic impacts.

It is acknowledged that a 'one-size fits all' approach is unlikely to be appropriate across all areas or environmental matters. This is likely to necessitate a number of offset guides being developed which will take time and be resource intensive to develop. As a first step, high risk areas or issues which are experiencing continued and sustained threat could be identified as priorities. Guides specific to certain regions, activities or environmental matters could be developed in collaboration with State governments. Such an approach is consistent with the proposed reforms to the EPBC Act.

For the reasons identified above, it is difficult to provide quantification of the various impacts and offset categories without any form of robust preliminary modelling and testing being undertaken to determine effectiveness of achieving environmental outcomes and economic feasibility.

Once SEWPaC has formed a position on how suitable quantifiable measures could be applied, as well as providing further definition around actions, level of impact, options available to deliver offsets etc, this information should be made available for further consultation with and feedback from stakeholders.

## **Conclusion**

Santos appreciates the opportunity to provide comments on the Consultation draft for the EPBC Act Environmental Offsets Policy.

Clarifying the policy for determining and applying offsets under the EPBC Act is supported. Once finalised, the draft policy should result in improved regulatory certainty for all stakeholders, a more consistent approach to the application of offsets and ultimately, better strategic environmental outcomes.

It is recognised that further detail is to be developed, particularly around the guide for how impacts and offsets are quantified in the application of the offsets draft policy. This is a key element of the draft policy given the bearing offsets can have on the overall economic viability of a project. Santos respectfully requests that further consultation is undertaken by SEWPaC when options for quantification and delivery of offsets have been developed prior to finalisation.

Should you have any further questions, please contact [REDACTED]  
[REDACTED].