

Appendix 5

QGC's Queensland Curtis LNG project

Overview of the project¹

Introduction

5.1 QGC's Queensland Curtis LNG project included the development of coal seam gas fields in the Surat Basin and associated pipeline and other facilities. The five referrals for the proposed project were received by the department in August 2008.

Impact of the project

5.2 There were five separate component proposals for the project. The key impacts of the project included:

- coal seam gas field development in the Surat Basin in Queensland of up to 6,000 production wells (EPBC 2008/4398) –
 - loss of habitat and impacts to listed threatened species and ecological communities;
- a pipeline network of about 800km between the gas fields and Curtis Island (EPBC 2008/4399) –
 - loss of habitat and impacts to migratory species and listed threatened species and ecological communities; and
 - loss of World Heritage and National Heritage values caused by pipeline infrastructure in the Great Barrier Reef World Heritage Area;
- marine facilities on Curtis Island including a construction dock and material offload facilities (EPBC 2008/4401) –
 - loss of habitat and impacts to migratory species and listed threatened species and ecological communities; and
 - loss of World Heritage and National Heritage values caused by pipeline infrastructure in the Great Barrier Reef World Heritage Area;
- LNG facility on Curtis Island (EPBC 2008/4402) –
 - loss of habitat and associated World Heritage and National Heritage values caused by the construction and operation of the LNG facility;
 - increased risks to biodiversity values of the World Heritage and National Heritage property arising from increased shipping movements and other subsequent or indirect impacts;

1 The following overview of the project is based on information provided by the Department of the Environment, *Submission 79*, Attachment A, pp 9–12.

- impacts on vegetation, biodiversity and landscape aesthetics arising from the development and operation of the LNG facility; and
- indirect impacts including increased pressures on the Great Barrier Reef World Heritage Area, including but not limited to, pressures on populations of vulnerable species, increased risks from shipping and increased use of the area;
- shipping activities associated with construction and LNG shipments from Curtis Island (EPBC 2008/4405) –
 - loss of habitat and impacts to migratory species and listed threatened species and ecological communities; and
 - loss of World Heritage and National Heritage values caused by pipeline infrastructure in the Great Barrier Reef World Heritage Area.

Assessment of the proposals

5.3 The proposals were assessed collectively through environmental impact statement (EIS) under an accredited process with the Queensland Government. Forty submissions were received in relation to the whole-of-project EIS. The proposals were approved on 22 October 2010 subject to a number of conditions, including those relating to offsets.

Offset requirements

5.4 The proposals' approvals required offsets to be delivered after project commencement and are attached as conditions to the relevant project approvals. In addition, management plans for the offset areas must be submitted for approval of the minister. The offset requirements are as follows.

5.5 In terms of the coal seam gas field development in the Surat Basin, the conditions require that:

- within six months of the commencement of the action the approval holder must prepare and submit an offset plan for the minister's approval;
- the offset plan must propose an offset area for the approved habitat disturbance limits relating to matters of national environmental significance within the project area. The offset area to be secured must be an area of private land which includes specified minimum areas of the relevant species and communities and must be secured within two years of commencement; and
- within two years of commencement the approval holder must secure a Rehabilitation Area Offset of at least 700 hectares of privately held property to compensate for indirect adverse impacts on matters of national environmental significance.

5.6 The department indicated that at the time of preparation of its submission, specific offsets have not yet been approved for this component of the project. QGC has identified several potential sites to acquit their offset obligations and has engaged with the Queensland Government regarding long term protection of those sites. The

department has raised concerns with QGC concerning the delay in securing offsets and is currently discussing the timetable for meeting the requirements of the conditions.

5.7 In relation to the pipeline network, the conditions require that:

- within 12 months of the commencement of the action the approval holder must prepare and submit an offset plan for the Minister's approval; and
- offsets are required for residual impacts related to disturbed threatened ecological communities and *Philothea sporadica*, *Cycas megacarpa*, migratory birds and Water Mouse that use the Kangaroo Island wetlands. Under the approval conditions, the offset areas above must be secured within specified timeframes linked to commencement of activities.

5.8 The department again indicated that at the time of preparation of its submission, specific offsets have not yet been approved for this component of the project. QGC has identified several potential sites but the department has raised concerns with QGC concerning the delay in securing offsets and is currently discussing the timetable for meeting the requirements of the conditions.

5.9 Two other offset requirements have been met: the temporary relocation and propagation of impacted Cycads and Cycad seedlings in a dedicated nursery; and contribution of at least \$250,000 to the Gladstone Port Corporation's migratory bird research study. An offset plan for the Narrows crossing has been addressed in the approved joint offset proposal from the three CSG/LNG approvals holders for offsets within the Great Barrier Reef World Heritage Area discussed below.

5.10 In terms of offsets for the marine facilities on Curtis Island, the approval requires that the water mouse management plan include proposed offsets for any unavoidable impacts that may occur on the water mouse as a result of project activities. The department advised that 'no unavoidable impacts were identified in the approved water mouse plan, and therefore there are no offsets required for water mouse at this time'.²

5.11 For the LNG facility on Curtis Island, the approval conditions require:

- an offsets plan to offset the loss of habitat and associated World Heritage and National Heritage values caused by the construction and operation of the LNG facility. The plan must be approved by the minister. The offset under this condition is required to contain attributes or characteristics at least corresponding with those of the LNG facility site in the World Heritage Area and the QGC must use its best endeavours to secure National Park status for the offset site. As part of joint offsets in respect of LNG facilities, QGC's contribution is a minimum area of 1,375 ha. The joint approach has resulted in the approval holders proposing to secure a significant suite of properties in the Great Barrier Reef World Heritage Area which the Queensland Government will incorporate into its conservation estate;

2 Department of the Environment, *Submission 79*, Attachment A, p. 11.

- the development of a long term turtle management plan comprising monitoring of turtles in the Gladstone Harbour region and a cash payment of \$200,000 per annum plus \$100,000 per annum per operating LNG train to support field operations within the Great Barrier Reef Marine Park.

5.12 The department indicated that the delegate of the minister has approved a joint offset proposal from the three CSG/LNG approvals holders which would result in meeting all their direct offset obligations within the Great Barrier Reef World Heritage Area. The proposed offset includes joint purchase of 700 ha of freehold land to be gifted to the Queensland Government for conservation purposes and the purchase of long-term property leases over 23,000 ha. It also includes funding for protected area management.

5.13 Information on the proposed offset is currently classified as commercial in-confidence at the request of the approval holders as commercial negotiations are taking place involving private landholders and the Queensland Government. The department was advised that commercial negotiations are expected to be completed by June 2014.³

5.14 Finally, in relation to the shipping activity component of the project, the approval conditions require a shipping activity management plan, which must include proposed offsets for any unavoidable impacts that may occur on specific species as a result of project activities. The department advised that 'no unavoidable impacts were identified in the approved shipping activity management plan, and therefore there are no offsets required at this time'.⁴

Auditing and monitoring

5.15 The department indicated that its staff had visited the project on seven occasions following approval with further monitoring inspections planned for 2014.⁵

Other developments on Curtis Island

5.16 The QGC proposal is not the only project on Curtis Island: the APLNG LNG plant was approved in February 2011; and the Santos LNG terminal was approved in October 2010. The Santos and APLNG developments also included offsets conditions requiring the securing of property within the Great Barrier Reef World Heritage Area. The offsets for each project were to be 'additional to any similar offset required under an EPBC Act condition of approval for another proponent of an LNG facility on Curtis Island'.⁶

5.17 Lock the Gate Alliance indicated that all three proponents are now pursuing a joint offset strategy. Lock the Gate noted that Santos had reported that the offset plan

3 Department of the Environment, *Submission 79*, Attachment A, p. 11.

4 Department of the Environment, *Submission 79*, Attachment A, p. 12.

5 Department of the Environment, *Submission 79*, Attachment A, p. 12.

6 Lock the Gate Alliance, *Submission 20*, p. 5.

had been submitted and approved by the Minister in September 2013. Lock the Gate went on to note that, as far as it was aware, the details were not public.

5.18 However, in August 2013, the Queensland Government announced additions to reserves on Curtis Island, purchased with funding from LNG terminal proponents, comprising a 1,912ha addition to Curtis Island National Park and a 1,000ha addition to Curtis Island Conservation Park. Lock the Gate stated that 'if this is the extent of the implementation of these conditions of their approvals, the Department of Environment have signed off on a program that is over 800ha short of the requirement in the approval'.⁷

5.19 QGC commented that:

When committing to the QCLNG Project in 2010, QGC initially invested \$5 million to establish the 4500ha Curtis Island Environmental Management Precinct at the southern end of Curtis Island. The precinct was declared to recognise, protect and maintain areas of high ecological significance and habitat integrity.

With other LNG developers on Curtis Island, QGC is providing financial contributions over 25 years for precinct management and maintenance, including research into native plants and animals such as dugongs, turtles and seagrass.⁸

5.20 In December 2013, following recommendation from the department, the Environment Minister gave approval for a fourth LNG terminal in Curtis Island to be owned by Arrow Energy. A requirement of approval is that an offset property of at least 1,400 ha on Curtis Island be transferred into the national reserve system.⁹

Issues with proposed offsets

5.21 As noted in Chapter 6, the committee does not intend to comment on particular projects. However, the committee notes that submitters and witnesses raised a number of issues in relation to the offsets conditions for this project. These included:

- whether it is appropriate to be offsetting impacts on a World Heritage Area at all (see Chapter 3);¹⁰
- timing of offset arrangements. The UNESCO Monitoring Mission has criticised the decision to allow the projects to proceed before the offset arrangements were in place;¹¹
- whether the offset requirement is 'like for like';¹²

7 Lock the Gate, *Submission 20*, p. 5.

8 QGC, *Submission 74*, p. 2.

9 Lock the Gate, *Submission 20*, pp 6–7.

10 Lock the Gate, *Submission 20*, pp 6–7; see also ANEDO, *Submission 60*, p. 17.

11 Lock the Gate, *Submission 20*, p. 6; see also ANEDO, *Submission 60*, p. 17.

12 Gladstone Conservation Council Inc, *Submission 59*, p. 3.

- lack of transparency in offset plans¹³ including those that are 'commercial in confidence'; and
- whether the offsets are secure 'in perpetuity'.¹⁴

13 Mr Jan Arens, President, Gladstone Conservation Council Inc, *Committee Hansard*, 7 May 2014, p. 7.

14 Gladstone Conservation Council Inc, *Submission 59*, p. 3.