AGL believes that the success of CSG projects in NSW is highly dependent on the relationships that are developed with the landowners who host exploration and production activities on their land. AGL is committed to building long-term relationships with landholders based on trust and mutual respect, and to demonstrating the successful co-existence of CSG activities with other land uses, by ensuring that operations are conducted in a responsible way that minimises impact on landholders, their operations and the environment.

In March 2014, AGL signed on to the Agreed Principles of Land Access with Santos, NSW Farmers Association, Cotton Australia and NSW Irrigators Council, reconfirming that we will respect the wishes of landholders regarding any exploration and production operations that take place on their land, meaning that landholders are free to say “yes” or “no”. Many landholders agree to CSG operations on their land, and AGL has over 200 land access agreements in place with landholders in NSW. AGL has never accessed a person’s land without their permission or exercised arbitration rights available under law for CSG exploration or production. AGL is therefore confident that landholders will only sign access agreements with us that are considered by them to be fair and reasonable, and are in their commercial interests. Often landholders will value the diversification of revenue streams for their property and the stable and predictable payments that arise from hosting gas activities, which are not dependent on weather or other seasonal variances.

Each agreement made with a landholder is unique, reflecting the characteristics of the particular property and the proposed CSG activities and infrastructure to be hosted.

In addition, AGL looks for other opportunities to provide compensation in-kind, in ways that are specific to the property and the landholder.

AGL notes that there are different types of landholders, including private landholders, governments and mining companies, which will have different requirements, and compensation agreements are negotiated accordingly. There is certainly no “one size fits all”.

AGL works with landholders to identify appropriate locations for CSG surface infrastructure and develops Land Access Plans that form part of the agreement, which AGL and its contractors will carry out works, including how they will access land, timing, locations and site-specific requirements of the landholder.

CSG infrastructure is not permanent, with wells usually operating for around 15 years. At the end of the activity, AGL removes all equipment and rehabilitates the land back to the same or better standard as when the activity commenced. Rehabilitation works are undertaken in consultation with the landholder, and are not completed until they are satisfied.

AGL does not consider that there is any decline in land value associated with our CSG (or other energy) projects, either during their operation or at the end of their lives. In 2014, the NSW Valuer

General reported that it found no evidence of an impact on NSW land values as a result of CSG activities. In Queensland there have been examples of properties advertised for sale where compensation agreements in place for CSG projects have been listed as a positive selling point, as providing a guaranteed income stream.

Reference 9 - 0.97% Coverage

AGL supports the development of guidance to assist landholders when negotiating access and compensation arrangements with CSG companies, which could include:

- Best practice principles for negotiating compensation;
- The factors that should be considered when determining compensation (i.e. the ‘heads of compensation’), including definitions and examples in plain English;
- Guidelines for considering and calculating reasonable compensation rates;
- Advice for landholders to assist them in identifying and articulating what is most important to them, and their goals for the negotiation process.

Reference 10 - 0.19% Coverage

Special value and loss of opportunity
Planned improvements to property that cannot go ahead due to CSG activities

Reference 11 - 1.15% Coverage

AGL considers that it is reasonable to provide compensation in relation to impact on special value of land and/or loss of opportunities due to CSG activities where the special value or opportunity is demonstrable or forms part of the planned works for the property (rather than speculative, such as a potential for future subdivision in the event of changes to land zoning). Typically, such impacts can be avoided because there is some flexibility as to where wells can be located (for example, AGL has no known examples of such impacts across NSW). AGL works with landholders to avoid or minimise such impacts, but where they are unavoidable, takes them into account in determining initial and annual compensation.

Reference 12 - 0.21% Coverage

Rehabilitation Decommissioning of access roads, wells and other infrastructure at the end of life and rehabilitation of property

Reference 13 - 1.01% Coverage

AGL will remove all equipment and rehabilitate land and improvements back to the same or better standard as prior to construction – except where landholders would prefer that infrastructure such as roads or fences be retained, with ownership reverting to the landholder. All wells and monitoring bores are plugged and abandoned (filled with cement and cut off below ground level), with the surface land fully rehabilitated. When the landholder is satisfied that rehabilitation works on the land are completed, AGL will pay a final rehabilitation payment, marking the end of the term of the access and compensation agreement.

Reference 14 - 0.13% Coverage

Payments in kind
Provision of goods or services in lieu of monetary payments

Reference 15 - 0.72% Coverage

AGL works in partnership with landholders to understand where it would be beneficial to provide payments in kind instead of, or as well as, monetary payments as some landholders, depending on their circumstances, prefer to receive payments in kind. Examples have included: building fences, building roads and driveways, clearing dams, providing piping, etc. This flexibility often results in a mutually beneficial outcome for AGL and the landholder.

Reference 16 - 1.06% Coverage
Compensation for wind farm landholders

In recent years AGL has also negotiated landholder agreements for the development of wind farms in South Australia, Victoria, Queensland and New South Wales. These agreements follow similar principles whereby landholders typically receive an annual payment during the period prior to commencement of construction, a ‘construction payment’ for disturbance during construction works, and annual payments for hosting wind turbines and associated infrastructure once the wind farm is operational. At the end of its life, AGL is responsible for decommissioning the wind farm and the rehabilitation of landholders’ property.

Reference 17 - 1.59% Coverage

AGL does not consider that the ‘heads of compensation’ proposed by IPART that are applicable to compulsory acquisition of land are necessarily appropriate for CSG projects. Several of these are not relevant, such as costs for relocation of residences, solatium and severance (landholders generally do not permanently relocate and properties are rarely ‘severed’ for extended periods by CSG activities). AGL also considers that there should be greater recognition of the ongoing nature of the relationship between the landholder and the CSG company. Compulsory acquisition tends to be a permanent arrangement, whereas CSG wells operate for around 15 years; during this time other land uses continue to coexist with the gas activities, and at the end of life the well is rehabilitated and the land reverts back to the landholder for use. Factors that need to be taken into account when determining compensation are therefore quite different for CSG activities and compulsory acquisition.

Reference 18 - 0.67% Coverage

AGL suggests that any recommendations made by IPART use CSG-specific heads of compensation, presented in plain English (rather than legalistic terms that are not well understood by the community). AGL also sees merit in including heads of compensation in section 109 of the Petroleum (Onshore) Act 1991 as this would provide clearer guidance for what should be considered when determining compensation for all parties.

Reference 19 - 1.67% Coverage

Neighbouring landholders

AGL considers that it is appropriate for impacts on neighbouring landholders to be managed through the Planning Approval process, rather than the land access regime. All projects that have been granted Planning Approval must adhere to conditions that ensure that impacts on neighbouring properties are limited to a reasonable level, including restrictions on noise, dust and operating hours. Where projects are operating within their conditions, AGL does not consider that neighbouring landowners should be entitled to compensation. This aligns CSG projects with other comparable industries, where compensation is not paid to neighbours, such as: ☐ Farmers cultivating a paddock on their property causing noise and dust; ☐ Construction of a house on an adjacent property causing noise and dust; ☐ An adjacent property hosting power line infrastructure – while the landowner receives compensation, neighbours do not (even if they can see it); ☐ Public authorities constructing road works nearby to properties.

Reference 20 - 1.16% Coverage

Appropriate timing for payments

AGL supports compensation payments being made to landholders at the relevant time for which CSG infrastructure is located on a landowner’s property. For example, payments for professional fees and landholder time relating to agreement negotiation are made at the time the agreement is signed. Initial works payments are split so that half is received before the works commence, and the remainder received the following July, and annual compensation is paid each year. AGL does not support paying compensation to landholders as a once off lump sum, as this would not promote an ongoing partnership, and in the event the property were sold, there would be no benefit for the incoming owner.

Reference 21 - 2.34% Coverage

AGL also supports the communities in which our projects are located through our community investment programs, employing local people and the use of local suppliers where possible.
Throughout FY2014, the contribution of AGL's Gloucester, Camden and Hunter Gas Projects to the national and NSW State economies were over $45 million and $35 million respectively, including over $10.1 million which AGL spent on local suppliers at these projects. AGL also supports community initiatives, events and organisations, which in FY2014 included:
- Over $47,000 invested in the local Gloucester community, including to support educational facilities, fundraising events, sponsoring local events at shows and rodeos, and other cultural festivals;
- Almost $30,000 in the local Camden community, including to support the local chamber of commerce, sponsoring local shows, Christmas events and sporting events;
- Over $31,000 in the Hunter Valley community, including to support educational initiatives, agricultural competitions, business awards and sponsoring local shows.
AGL also looks for additional ways to support local industries, as demonstrated by a co-operation agreement signed between AGL and the peak dairy industry body, Dairy Connect, in May 2014. Under this agreement AGL and the dairy industry agree to work together to help the dairy industry grow, while at the same time facilitating the responsible growth of the gas industry in NSW.

In March 2014, AGL signed on to the Agreed Principles of Land Access with Santos, NSW Farmers Association, Cotton Australia and NSW Irrigators Council, reconfirming that we will respect the wishes of landholders regarding any CSG drilling operations that take place on their land, meaning that landholders are free to say “yee” or “no”.

In September 2015 the NSW Country Women’s Association and Dairy Connect also became signatories to these principles. Many landholders agree to CSG operations on their land, and AGL has never accessed a person’s land without their permission.

Reference 1 - 2.18% Coverage

However, AGL considers that any benchmark information (spreadsheet model or otherwise) should be treated as guidance only and should not replace the existing compensation principles which have been established by CSG companies over time, in conjunction with hundreds of landholders.

Reference 3 - 2.53% Coverage

Some inputs to the IPART spreadsheet model (such as land value changes relating to severance and injurious affection) are likely to require specialised assessments by registered valuers. It will be important to ensure that landholder compensation comparisons do not become onerous or administratively complex, as in many cases the impacts on landholders from these issues are short-term or not significant (such as severance). In addition, any valuation assessments completed for the purposes of the benchmark compensation model should be undertaken independently of any compensation offer by CSG companies, in order to obtain an unbiased and independent assessment.

Reference 4 - 0.85% Coverage

AGL does not support paying compensation to landholders as a once-off lump sum upfront, as this would not promote an ongoing partnership, and in the event the property were sold, there would be no benefit for the incoming owner.

Reference 5 - 1.38% Coverage

Compensation for neighbours

All projects that have been granted Planning Approval must adhere to conditions that ensure that impacts on neighbouring properties are limited to a reasonable level. Where projects are operating within their conditions, AGL does not consider that neighbouring landowners should be entitled to compensation through the land access regime.
However, where impacts on neighbouring properties (such as noise levels or hours of operation) are demonstrated to exceed planning or license conditions, AGL agrees that the CSG company should mitigate those impacts to an acceptable level. This may include relocation for that time period, or other mutually agreeable compensation.

AGL supports amending the Petroleum (Onshore) Act to align with section 532 of the Queensland Petroleum and Gas (Production and Safety) Act 2004. This section defines ‘compensatable effect’ as:

a)  
  i) ii) iii) iv) v)  

b) All or any of the following relating to the eligible claimant’s land:

- Deprivation of possession of its surface;
- Diminution of its value;
- Diminution of the use made or that may be made of the land or any improvement on it;
- Severance of any part of the land from other parts of the land or from other land that the eligible claimant owns;
- Any cost, damage or loss arising from the carrying out of activities under the petroleum authority of the land;
- Accounting, legal or valuation costs the claimant necessarily and reasonably incurs to negotiate or prepare a conduct and compensation agreement, other than the costs of a person facilitating an alternative dispute resolution.

3  
c) 5. Consequential damages the eligible claimant incurs because of a matter mentioned in paragraph a) or b).

Independent workshops for landholders

AGL supports the recommendation that the NSW Farmers Association (or indeed any other peak agriculture body) provide independent workshops to assist landholders in understanding land access for CSG projects and negotiating land access and compensation agreements. AGL agrees that these workshops should be funded by the NSW Government. AGL considers that attendance at these workshops should be limited to genuine landholders affected by CSG exploration and production activities and they should not be an open forum for the general public to attend.

Where organisations wish to provide CSG related information to other interested community members, these events should not be taxpayer funded.

Voluntary public register of CSG compensation payments

AGL supports the recommendation of a voluntary and non-identifying public register of CSG compensation payments, as a resource to be used by landholders to understand typical and reasonable compensation rates. This should allow landholders to anonymously provide information about their compensation, as well as contextual information such as land use (e.g. dairy farm), and the number of wells and length of roads hosted (to help distinguish between the range of reported compensation amounts).

Landholders should not be compelled to disclose their compensation arrangements if they do not wish to do so, and their right to privacy should be respected.

AGL considers that any register should be maintained by the NSW Land and Water Commissioner, who is independent of any particular agricultural industry group, CSG company or landholder.
Origin supports the finding that a ‘one-size-fits-all’ approach to compensation should not be the standard approach and agrees that the level of compensation will depend on individual circumstances and the proposed gas activities, both of which are highly variable and site-specific.

Origin notes however that a default formulaic approach (when the parties have exhausted their endeavours to reach an agreement, including the use of alternate dispute resolution processes such as mediation) may be more favourable than resorting to litigation.

Origin also supports the observation that conduct arrangements in a land access agreement are as important as compensation.

Origin supports the adoption of Queensland’s compensation criteria and believes this is a sound, established policy position that is well understood by the industry and the professional advisors supporting landholders (such as lawyers and valuers).

Whilst Origin agrees there is benefit for many stakeholders in a flexible system, it is also critical that any land access regime provides some certainty and structure to allow discussions to progress and to avoid protracted negotiations. In Origin’s view, a conduct and compensation discussion set within some boundaries is likely to support productive discussions and ultimately result in a better long-term relationship between industry and landholders. Origin believes that the structure afforded by ‘default’ outcomes (such as standard agreement terms and set minimum compensation payments) would provide a better alternative to the litigious resolution of land access disputes.

In Origin’s view, co-existence is best achieved when each party has a robust understanding of the other’s needs and requirements and of the other’s industry in which they work. Origin is, therefore, supportive of the Tribunal’s proposal to fund workshops for landholders to build a better understanding of land access for coal seam gas and access negotiations. In Origin’s view, it would assist landholders greatly to be presented with clear and correct information about coal seam gas operations. Those workshops would be further enhanced if the information exchange was two-way, to ensure industry could hear perspectives on impacts to the agricultural sector.

Origin generally supports the concept of a voluntary, non-identifying public register of CSG compensation payments. In Origin’s view, confidentiality should also extend to the gas companies that are paying compensation. Further, it would be important to ensure that information recorded on the register was not at a level of detail such as to provide a ‘defacto’ identification of a property or parties to an agreement.

Santos believes it has in place highly attractive compensation arrangements for NSW landholders. During the exploration phase a private-landholder will receive in excess of $30,000 per annum upfront. During the production phase a landholder will share in the benefits of the project by way of a compensation pool based on the royalties paid. We estimate a farmer with 4 wells on his or her
property would receive $100,000 per annum (or over $1 million over ten years).

Reference 2 - 0.36% Coverage

At our Queensland operations, we have about 850 voluntary land access agreements in place with approximately 300 landholders, demonstrating agriculture activities and natural gas development can and do co-exist side by side.

Reference 3 - 0.35% Coverage

A recent independent survey found 9 in 10 landholders in Queensland would welcome us back. In NSW a private survey conducted by Santos of landholders in the project area found 85 per cent of landholders support us.

Reference 4 - 0.83% Coverage

Our NSW compensation framework provides a valuable income stream for landholders who host our exploration and drilling activities. The framework features a land-value based payment to compensate for the amount of land utilised by Santos’ surface facilities and a fee for service to the landholder. In exchange for the fee for service, the landholder signs a Services Agreement and agrees to assist with general monitoring and upkeep of the sites located on their land. A land access agreement is also negotiated.

Reference 5 - 1.04% Coverage

Key Facts – Santos CSG Operations in NSW • Surface footprint of CSG extraction is small and not permanent in nature. • Santos surface well facilities will be generally spaced at one every 200 to 300 ha.
• During the construction phase, each well normally requires one hectare for approximately one year, decreasing to approximately 25m x 25m (or 0.07Ha) during production which lasts about 20-30 years, after which all well sites are fully rehabilitated and available for agricultural use.
• It is estimated that the surface impact over the life cycle of a project is only around one percent of the total area in which the CSG fields operate.

Reference 6 - 0.84% Coverage

The Project area covers approximately 98,000 hectares; however field operations will only be located on about one percent of that area. The gas will be supplied to the NSW market by up to 850 production wells across the life of the project, the majority of which will be drilled on State land. Santos has committed to drill wells on private land only with voluntary landholder agreements. We are also working towards an agreement with the Gomeroi Native Title claimants who have a registered claim over the Project area.

Reference 7 - 0.95% Coverage

An essential part of extracting natural gas is working with landholders. The nature of Santos’ work means, at times, our facilities are located on private or government land. Santos has always made it clear that we will only drill wells on private land where the landholder is happy to host our work. If a landholder is not willing to sign an agreement for us to drill wells on their land, we will not go there. In 2014 we signed the Agreed Principles of Land Access with AGL, NSW Farmers, the NSW Irrigators Council, and Cotton Australia to reiterate this commitment to landholders.

Reference 8 - 0.57% Coverage

When a landholder agrees to host our activities, we work with them to ensure they are comfortable with every aspect of our work on their land. We negotiate a land access agreement and a farm management plan which includes details of the location and timing of activities and takes into consideration the landholder’s lifestyle and business interests.

Reference 9 - 0.51% Coverage
As part of our commitment to minimising the impact of our work, we monitor water bores to give the landholder confidence our work is not affecting their water and progressively rehabilitate land as we work. We also ensure landholders who choose to work with us receive significant financial compensation and benefits.

Reference 10 - 0.29% Coverage

Our NSW based compensation framework was developed in consultation with farming groups and landholders. Our compensation framework exceeds current statutory requirements in NSW.

Reference 11 - 1.64% Coverage

Any approach to landholder compensation being considered by IPART must balance two Government policies, first the need for the compensation to be “at least as good as that received by landholders anywhere is Australia” with the second, ensuring the development of natural gas fields in NSW to secure gas for businesses and home is not inhibited by unnecessary or excessive costs and regulation.

Santos therefore submits that the overarching principles should include:

- Simplicity: the arrangements should be simple and address the real issues to the directly involved stakeholders;
- Predictability: both landholders and project proponents should be able to predict with confidence how the arrangements will work including over the long time frames of the industry; and
- Commercially realistic: if the arrangements or the expectations that they give rise to are not commercially realistic they could become a veto to the industry, effectively stopping the development of a domestic gas industry for NSW.

Reference 12 - 1.53% Coverage

The current legislation is broadly consistent with that in other states, where successful co-existence between landholders and the industry has been achieved. Further as the Issues Paper notes:

7 Santos Submission: Landholder benchmark compensation rates: Gas exploration and production in NSW

“Our preliminary view broadly aligns with the impacts considered under the gas industry’s current CSG compensation arrangements. However, it covers a broader range than provided for under NSW legislation”1 (emphasis added)

This doesn’t signal legislative or a market failure. IPART’s own words suggest that mutually beneficial commercial arrangements between landholders and proponents are the rule rather than the exception in NSW. This is certainly Santos experience in north western NSW.

Further, impacts on landholders (including neighbours) are also regulated by the planning conditions and approvals and environment licence conditions.

Reference 13 - 0.43% Coverage

These items are covered during the commercial negotiation. Any special value can be acknowledged and managed in the mutually agreed land access agreement given the flexibility to locate infrastructure, wells, access routes etc. available to the natural gas proponents.

Reference 14 - 0.81% Coverage

There is no evidence regarding negative impacts on property values in NSW, Queensland or anywhere else in Australia. This is supported by recent reports by both the Queensland Valuer General latest report on property market movements and the Valuer General of NSW 2014 property value report. In Queensland, it was reported residential land values in Western Downs have continued to increase. In NSW, the Valuer General found CSG development had “no impacts” on several recent real estate transactions.

Reference 15 - 1.63% Coverage

Santos supports clarity in the natural gas and resources regulatory framework. Legislative clarity
around landholder compensation would bring clarity to the process, but the Issues Paper discusses proposals that in our view could inadvertently lead to greater confusion, and remove certainty by inappropriately introducing new players into the negotiation of land access arrangements. We are of the view that further legislative reform is unnecessary and rather than adding certainty would in fact create further uncertainty for investors and stakeholders. This would serve to decrease investment attractiveness due to uncertainty.

The principle that landholders are compensated is well established for any and all projects, not just natural gas. It would be unhelpful to establish the precedent that other parties have an interest that must be directly compensated outside of arrangements for the broader community. Other parties are protected by the Common Law and environmental and development consents.

Reference 16 - 1.08% Coverage

Santos does not support widening compensation beyond landholders who host directly gas exploration or production activities. In our experience, compensation to neighbours is hard to identify, 1 IPART Landholder benchmark compensation rates p.18 8
Santos Submission: Landholder benchmark compensation rates: Gas exploration and production in NSW quantify and to manage. The proposal does not indicate how compensation will be calculated for issues such as dust, traffic noise or how wide the net will be cast for local residents. The existing regional community benefit fund should be sufficient to adequately compensate the broader community including neighbours.

Reference 17 - 2.35% Coverage

The preliminary view of IPART is that compensation should be paid to neighbours for noise or other impacts. Noise and other environmental impacts will be subject to environmental conditions in permits issued by the government. These conditions will typically over-off a range of impacts on neighbours such as:
- Noise limits on sensitive receptors
- Overland flow paths
- Dust nuisance
- Lighting for night works
- Erosion and sediment control

Were a project to breach conditions, the project proponent would be liable under the relevant environmental legislation and damages would be awarded accordingly by a court. It would be “duplicated legislation” to specify that compensation is given for impacts that are governed by other legislation. Furthermore, the environmental compliance framework ensures that effects are avoided, which is a much better outcome than compensating for effects.

Notwithstanding the provisions of other legislation, there is a common law right for parties to claim for damage caused by a project. It is therefore not necessary for further protection in law for neighbouring properties affected by the project. An example of this is where a project vehicle strikes an animal not owned by a landholder with which there is a land access agreement. Despite not being covered by a compensation agreement, Santos compensates the owner for their loss under common law obligations. Additional obligations are unnecessary.

Reference 18 - 1.42% Coverage

The Issues Paper fails to make the case for why neighbouring landholders should be treated differently and separately from the surrounding community. We strongly support measures to ensure the community shares in the benefits. It is for the government to address the wide socio-economic impacts of its decision to allow a certain industry to develop in a particular location. Both proponents and the NSW Government have agreed to establish a Community Benefits Fund to provide a share of the income from developing natural gas with the local community including addressing any inconveniences which may arise.

Furthermore, the opening up of compensation to parties other than landholders gives rise to a greater potential for frivolous and potentially vexatious claims. For the industry to advance in NSW, the avenues for politicised, vexatious claims must not be opened up.

Reference 19 - 1.77% Coverage

Timing of payments
The review suggests in regard to the timing of payments that ‘an upfront compensation payment would
be set equal to the present value of all expected future payments’ (Section 5.6 and also section 6.3.2).

Santos does not support the proposal for several reasons including bringing forward compensation can have significant tax implications for the landholder, and compellingly, is likely to create equity issues with future owners of the property and may impede access in the future as only small remainder payments are given for ongoing operations.

The timing of compensation payments needs to be commercial decision for resource companies to make rather than a concept mandated by law. The concept can be attractive for resource companies looking to buy access, but does not create the enduring relationship required for long term projects.

The review states that receiving compensation upfront rather than as ongoing annual payments would be reflected in the property price, which is optimistic regarding the transparency and sophistication of the real estate market.

Reference 20 - 0.25% Coverage

The review’s proposals will lead to lengthy negotiations with landholders over duration of activities, discount rates, CPI benchmarks and payment timing.

Reference 21 - 0.39% Coverage

Landholdings change hands and ongoing annuals do not compensate owners for operations. This proposal is not facilitating access, but inviting complex commercial negotiations and thereby increasing the transaction cost of an access agreement.

Reference 22 - 0.08% Coverage

It will also lead to access issues over time as

Reference 1 - 1.52% Coverage

Firstly, Santos believes it has in place highly attractive compensation arrangements for NSW landholders that are well known and understood. The arrangements are available from our web page online or from our shop front locations in Narrabri and Gunnedah.

In summary, during the exploration phase a private-landholder receives in excess of $30,000 per annum upfront. During the production phase a landholder will share in the benefits of the project by way of a compensation pool based on the royalties paid. We estimate a farmer with 4 wells on his or her property would receive $100,000 per annum (or over $1 million over ten years).

Reference 2 - 2.98% Coverage

Secondly, Santos’ successful negotiation of land access arrangements in north west NSW demonstrates there has not been sufficient legislative or market failure to justify amending legislation or over-turning existing commercially negotiated arrangements between land holders and project proponents.

The draft report notes that a consistent theme from landholders interviewed is that conduct arrangements are as important as compensation. Santos vehemently agrees that successful land access arrangements are based on a 20-30 year positive partnership. While compensation should fully address the impacts of activities on the surface of the land, the way in which those activities are undertaken is the most important factor in maintaining amicable relationships with landholders. Also important is the conduct of the negotiation of the agreement by both parties. As outlined in the Centre for Coal Seam Gas Research Paper: Stakeholder Trust in CSG Research and Operations:

• Landholders want to be paid equitably in comparison to their neighbours – no more, no less
• Landholders want gas companies to respect their business in the planning and operation of CSG
Landholders do not want to see companies wasting money in their operations

Reference 3 - 0.33% Coverage
Land access and compensation arrangements should be a commercial arrangement negotiated between the project proponent and the landholder;

Reference 4 - 0.32% Coverage

Payments to neighbours are already sufficiently covered by common law protections, and existing planning and environmental processes;

Reference 5 - 0.45% Coverage

The proposal for upfront payments misunderstands the length of time access is required for and the need for long term relationships, possibly with successive future owners of the property

Reference 6 - 3.85% Coverage

Santos agrees that a one-size-fits-all approach won’t work.
The recommendation that landholders use IPART’s spreadsheet model risks becoming a defacto one-size-fits all for negotiations that could lead to unrealistic landholder expectations.
If IPART wishes to proceed with the model, Santos recommends a simpler spreadsheet confined solely to heads of compensation under s.109 of the Act with no presumptions on benefit payments, market values or timing of payments.
It could also be argued that the voluntary public register is also seemingly in conflict with this key finding by IPART. It remains Santos’ position that land value should be as set by the NSW Valuer General and stated on the property’s rates notice. This value is both certain and not subject to the impact of weather or agricultural markets.
The valuation method should also consider the financial benefit that the activity area accrues to the landholder in the value of their land over the term of the agreement, ie., there are limited agricultural or other land uses that have a financial return as high on a per hectare basis than that already paid by Santos to landholders for CSG activities.
There are many utilities in the broader community that may have a similar land use impact on a landholder’s property including road, rail, electrical and telecommunications infrastructure.
Consultation with these industries may need to be undertaken prior to adopting the model as landholders are likely to use this spreadsheet as the model for all land disturbance compensation calculations associated with infrastructure on their land.

Reference 7 - 2.01% Coverage

Santos supports the view highlighted in the Draft Report that impacts on neighbours are already managed to a reasonable level through existing planning and environmental processes. The proposed Gas Community Benefits Fund is a vital part of the overall compensation for communities who host the gas industry.
As previously mentioned, there are many utilities and activities in the broader community that may have an impact on a neighbouring property including industrial facilities, road and rail infrastructure and the agricultural industry (crop spray drift, agricultural equipment such as pumps, generators and machinery operating 24 hours). Consultation with these industries may need to be undertaken prior to adopting final standard compensation as neighbouring landholder compensation may impact social licence for these industries..

Reference 8 - 1.59% Coverage

Santos’ position is that there has been insufficient legislative or market failure to justify amending the Petroleum (Onshore) Act 1991. Further amendments to the legislative process will simply create further uncertainty.
However, should the Government choose to harmonise the Act with Queensland legislation, that should be what is implemented rather than “sort of harmonising” by only changing some terms and adding grounds for compensation such as land holder’s time, impacts on neighbours etc. The latter type of change would add uncertainty for companies and promote further development of case law rather than relying on existing precedents from Queensland.

Reference 9 - 2.36% Coverage
Our experience is that negotiations progress more smoothly and relationships are more enduring if landholders are well informed. On that basis Santos supports the concept of ‘independent workshops’ but does not support the recommendation for NSW Farmers Association to provide the ‘independent workshops’. NSW Farmers’ is not perceived by the gas industry as an independent and disinterested party in the CSG debate. Additionally, the Association have only a minor representation of landholders in NSW. Whilst these workshops have been successfully delivered by Agforce in Queensland, their membership base originates from a broader amalgamation of beef, sheep and grain producers. The NSW Land and Water Commissioner is an established independent and impartial office that should be tasked to undertake this role. This would ensure that access to information and attendance at workshops would be accessible to all landholders, not just the minority that are members of NSW Farmers.

Reference 10 - 2.15% Coverage

Santos is neutral on a public register of compensation as the company's publicly stated position is that confidentiality is a matter for each landholder to decide. Santos has made its NSW land access agreement template publicly available.

As previously mentioned, our view is that the NSW Farmers Association is not an independent and disinterested party in the CSG debate and have only a minor representation of landholders in NSW. The Division of Resources and Energy is an impartial office that would be better suited to facilitate this register. The Divison already maintains databases established to provide access to information in relation to petroleum activities that have been promoted widely for example Common Ground and DIGS.

Feedback from landholders and the broader community is that, where possible, information sources should be easily accessible and grouped for ease of access.

Reference 11 - 0.68% Coverage

Santos remains opposed to upfront payments:
- Compensation must be linked to an impact in a timely manner
- Upfront payments would penalise future landholders of the property
- Creates perceived inequalities between neighbours due to the timing of payments even if the net present

Reference 12 - 0.44% Coverage

- Present value calculations are misunderstood and could create mistrust between the parties which is contrary to the key IPART finding about importance of conduct

Reference 1 - 4.79% Coverage

Strongly supports the recommendation as a minimum standard and that this is used as a framework for compensation in the Gloucester Gas Project;

Reference 2 - 5.77% Coverage

- Requests that the report includes reference to consideration of compensation to neighbours for loss of value occasioned by proximity to the resource extraction

Reference 3 - 6.54% Coverage

- Requests that the report reflects consistency in that urban zoning has a more secure status whereas for Rural/Farmland this status is overidden more easily by resource extraction"
The Issues Paper expresses a preliminary view that neighbouring landholders who are affected by noise or other impacts from gas activities should receive compensation.

As set out in the Issues Paper, the specific elements to be considered as part of compensation are set out in the resources legislation. To avoid confusing landholders and to ensure consistency with this legislation, the Government suggests that published compensation benchmarks should incorporate only these specified elements.

Submission: “Our terms of reference require that landholders should receive not only compensation for loss, damage or inconvenience caused by hosting gas exploration and production, but also a share of the benefits generated by this exploration and production.”

Salient points:
ONE: How can anyone be expected to compensated on one hand and receive a benefit on the other if there is a profit to share? TWO: What happens if there is liability? Should the landholder pay for that? THREE: Would the money not be better spent by the hosting Gas exploration company holding an insurance policy including the name of the landholder to cover the costs of closure and future aquifer contamination liability??

More than two years ago, the two major gas companies operating in NSW, Santos and AGL, signed a MOU stating that they would only carry out their activities on private property, at the invitation of the landholder. Gas companies legally have the means to force access to private property, via the Land and Environment Court, yet in NSW where communities are vary of unconventional gas extraction practises, Gas Co’s seldom(if ever) exercise that option. So effectively, a landholder access agreement for the purpose of exploration or extraction of CSG is purely a business transaction between two consenting entities.

This is somewhat debateable. Three years ago Santos announced a vastly increased access agreement compensation package of approx $36000 for a basic exploration / production agreement. At that time Santos suggested that they had 40 NSW access agreements in place. Three years on and Santos have conceded that they still have around 40 agreements in NSW. Obviously the plethora of detrimental consequences of the CSG industry is weighing heavily on the average landholder in Santos’ tenements.

Compensation should only be made available to landholders for the purpose of mitigating temporary effects i.e. loss of quiet enjoyment, loss of amenity, dust light and noise. These effects will invariably affect the whole community, and it is not possible to overestimate the negative impacts on relationships within communities when the CSG road show turns up in the district. At a Santos ‘community consultation’ forum we were told that Santos would not hesitate to drill laterally from a consenting landholders property( who receives compensation) under the property of a neighbour who
wants no part of the CSG industry.

Reference 4 - 7.54% Coverage

Compensation should never be offered for permanent damage to land, water, aquifer and natural environment. Currently there is no regulatory framework to protect land and water from what is essentially a high impact industry. There are no produced water quality standards, absolutely no solution for dealing with produced salt and Total Dissolved Solids, and well integrity will always remain a most serious issue. Currently in QLD the ‘make good’ policy for the permanent loss of ground water (due to CSG activities), involves monetary compensation, supply of reverse osmosis water (a temporary solution at best), or in some cases, the capping of the landholders bore and subsequent sale of the land to the gas company. Under no circumstances should a landholder profit from the permanent damage to our land and water assets, above and below the surface.

Reference 1 - 0.65% Coverage

In my opinion a one size fits all approach will never work as improvements are always made to a property, however, reasonable baseline rates must be set taking into account many factors, such as improvements and intended future plans and much more than just the Valuer General’s figures or the DPI’s gross margins report.

Reference 2 - 1.18% Coverage

As a guide, the cost of replacement/repair plus labour, taking into account any inconvenience or loss incurred, should be the basis for any calculation. If high cost or medium to long term damage or inconvenience is experienced or expected, then the CSG Company must be, compelled under the terms of any agreement to purchase the affected property and if needs be the neighbouring ones at a rate that is fair, just and based upon property value before CSG and taking into account such things as improvements made, time taken and expenses in prosecuting the matter and moving costs.

Reference 3 - 1.41% Coverage

Many of the effects of CSG activities are common to both hosting and neighbouring landowners. Affects such as stress, caused by uncertainty and other issues related to CSG, road dust, unnatural light from flares, drill rig and extra night road traffic noise, the potential for short or long term interruption to farm or lifestyle activities, effects of any discharge of saline water onto the ground or under the ground’s surface, which could potentially affect the ground water and thus the activities carried out on those properties, visual amenity, livestock and fencing concerns; all of these, and many more, are common to both parties, the only difference being the hosting of CSG operation.

Reference 4 - 0.44% Coverage

These and many other affects especially any effect on surface and subsurface water that can be carried to a neighbouring property, must be taken into account when determining access agreements and just compensation.

Reference 5 - 0.59% Coverage

There should also be some provision within any agreement that allows for compensation to either or both, an ex-hosting landowner and the neighbour, for damage from CSG operations that might occur or become evident in the time after the CSG operation has ceased utilising a property or area.

Reference 6 - 1.68% Coverage

On a more disappointing note, there are landowners in PEL238 with access agreements taken out before Santos took over Eastern Star Gas and PEL238, that were paid a one-off lump sum payment equal to 40% of the land value for the land utilised and nothing else. Santos has never returned to negotiate a fairer agreement despite, continuing to gain access to these properties. (This document
can be produced but because of privacy issues the owner would have to give their permission). All existing access agreements should be revisited and renegotiated and adjusted to remove any inequality and disadvantage that a landowner may have received in the past. It is imperative that the above matter be included as part of any recommendation that this Tribunal makes as part of the review into landholder benchmark compensation rates.

Reference 7 - 0.54% Coverage

Insurance implications and responsibilities both short and long term by either or both the gas companies and the hosting landowners need also to be explained both in any publically available literature and any access agreement in ways that can be easily understood.

Reference 8 - 1.48% Coverage

At this point it is prudent to raise the Neighbour Compensation Agreement. The neighbour should be entitled to some form of compensation due to the affects upon them, their property and property activity by matters described earlier. In formulating any compensation for neighbouring properties the following should also be taken into account: the neighbour is partly responsible for boundary fencing, its construction, the type of material used, maintenance, security and replacement; all of which are usually shared between the hosting landowner and the neighbours. Rural fencing can be basic at times, so if the CSG companies want to renew or up-grade fencing then an agreement should be struck with the neighbouring landowners.

Reference 9 - 1.56% Coverage

As far as calculating an amount of compensation to pay annually to a neighbouring property owner, this is really area and activity specific. As a guide any compensation calculation should take into account items in the earlier listings as well as any previous reports of problems. These then should form part of a baseline calculation for compensation during the exploration phase and the production phase. The neighbour should be entitled to a share of any "Incentive Fund" based upon inconvenience and nuisance suffered due to CSG operations on neighbouring hosting lands. The payment could be calculated as a percentage of the neighbouring hosting landowner’s remuneration which is based on activity and wells and reviewed at the same time as the hosting neighbour.

Reference 10 - 1.20% Coverage

There seems to be no provision for the continuation of any compensation/benefits associated with any continuation of monitoring of a hosting landowner or neighbouring property after an access agreement has expired and the CSG Company moved on. It is, therefore, presumed that once the sites on a hosting landowner's property have been plugged and abandoned and all infrastructures removed and rehabilitated to the Governments accepted standard, that any problems which arise after that time are a matter between the neighbour and the ex-hosting landowner. This point needs to be clarified.

Reference 11 - 0.70% Coverage

This then brings up the matter of insurance during and after CSG operations. There needs to be hard and fast, fixed obligations imposed regarding this matter, including legislation. There also needs to be an explanation as to who is responsible, for how long, the type and amount of insurance required and who is actually covered, and for what.

Reference 12 - 0.45% Coverage

The Tribunal must look at lifestyle properties and what just compensation a lifestyle owner will receive; there are many different types of "lifestyle" ranging from the house only lifestyle to the environmental lifestyle.

Reference 13 - 0.56% Coverage

The Tribunal must take into account, not just the soils, but the possibility of groundwater or aquifer contamination, along with any effects the CSG industry may have on ground water levels, that could require the deepening of existing stock and domestic or agricultural bores.
“World’s Best Practice” really needs to be defined. Personnel I have talked to in the NSW State Government Departments cannot really define “world’s best practice”, instead they refer to it as being the “best practice in the world at the time”, but time and knowledge move on and so should any benchmark compensation rates for landowners, their neighbours and others. The CSG industry likes to quote how good their practices are compared to those of the Cotton Industry and Irrigators in general, but it was not all that long ago that James Hardie was saying how good their product was compared to other building materials and look what is now known about that industry.

Reference 15 - 0.52% Coverage

For its part IPART must ensure that all possible eventualities are covered when reviewing the landholder benchmark compensation rates and the neighbouring landowner agreements and ensure that there are clauses in every agreement to cover all eventualities.

Reference 1 - 1.10% Coverage

I believe that IPART has a duty to set a minimum level of Access Agreement Compensation and not just only for hosting landholders but for all those who may be adversely affected by the CSG industry.

Reference 1 - 7.76% Coverage

The current position is that there are no insurers in the world that cover the potential of future risk regards any form of pollution resulting in land degradation or cancer concerns.

Reference 2 - 0.22% Coverage

The hold that CSG puts on the landholders impacted by proposed CSG development, in my case my property made up part of my superannuation and future lifestyle decisions. It has caused sleepless nights, family arguments, delays in and alterations to property renovations; it impacts adversely on our mental and physical health. It has impacts on future decisions for when and if we wish to relocate, a decision we have to make as we age and our needs for services changes (doctors, hospitals, shopping etc.). In my case it also involves the caring for my aged in laws who are 87 and 88, so our requirements change constantly and CSG has adversely impacted on our ability to do so because it has impacted on our ability to sell home and realise our expected sale price due to the threat of CSG

Reference 3 - 0.26% Coverage

the impact of CSG operations on the flora and fauna of the property and the relationship the landholder has with those (we have kangaroos and wallabies, quail, eagles, water hens, ducks, bower birds, channelled billed cuckoos, dollar birds- these are all part of the enjoyment and satisfaction we gain from owning this property. The adverse impact relocation/moving will have on my aged in laws, my mother in laws gardens are of particular value to her. Special ramps for access, snake proof
fencing, the levelness of our house sites for the deteriorating physical ability of my in laws. The home office and closeness to clients for my wifes business which she runs from home. The topography of our land ensures our houses are flood free but allowing us also to have productive creek flats. Special value to my in laws with regards access, gardens, mobility around the property, workshop, special fencing to restrict snakes and to keep pets confined.

Reference 4 - 0.20% Coverage

No. Previously compensation/rentals have been put in place that have not been open and fair. All rentals and compensations must be publicly available. Previous negotiations were with owners placed under stress of forced access, more of the information on the problems with CSG are becoming available, cases of CSG failures such as waste water contamination, water tables dropping, aquifer contamination, exposure of dangerous chemicals previously contained underground are being brought to the surface and getting in to the waterways. Rental approach does not take in to considerations such issues as risks to health, property contamination, gas leakage, future issues with disused wells, impact on property values of CSG.

Reference 5 - 0.11% Coverage

And this method of protection cannot be guaranteed 100% effective in the long term so there are on going issues for the landholder and these issues need to be addressed technically and a 100% guarantee given or the project should not go ahead, alternatively the property should be purchased by the CSG company at a market price that has not been influenced by the existence/potential existence of CSG.

Reference 6 - 0.05% Coverage

Compensation must include likelihood/possibility that these casing will fail in the future, there is no longterm certainty that these casings will not fail, existing evidence is that they do fail.

Reference 7 - 0.05% Coverage

Compensation must reflect that storage/disposal of the extracted water can impact locally, already there have been failures with storage facilities and disposal (Gloucester, Pilliga and Broke)

Reference 8 - 0.08% Coverage

When fracking occurs, even on a property that denies access and the process of fracking disturbs the strata under that property and allows gas to escape above that property then compensation for that property owner needs to be given and the health issues taken in to account.

Reference 9 - 0.06% Coverage

Water treatment so far has not been completely successful, reuse has failed in Gloucester and the disposal option has not yet been resolved, this all should be reflected in compensation along with the health issues associated there with.

Reference 10 - 0.07% Coverage

It will produce commercial gas supplies for that period but the landholder will need compensation for the probability that gas will leak from that well in the future and that will impact on the value and saleability of that property forever.

Reference 11 - 0.05% Coverage

Compensation should reflect that the NSW government is allowing this to occur to gain royalties and those royalties should be used to compensate those impacted by CSG.

Reference 12 - 0.01% Coverage

I have an agreement with AGL not to enter my property.
AGL has met our community with a view to drilling in our area. 97% of our community are against their operations, 3% were non committal, no one wanted them here. Compensate us for their intrusion and impact on our community.

They should be made to purchase all impacted properties.

Make sure they do not drill/frack under these properties also.

Wrong, it should not be hosting CSG it should be impacted by CSG, it should include all those impacted by horizontal boring, fracking, waste water storage/disposal and gas leakage.

YES, "or more", include in compensation the living with the future implications of well leakage, health issues, fracking gas leakage and saleability/value of the properties.

This decrease in saleability/value of the "other land " should be considered a permanent decrease because the land will forever be tainted with the CSG tag and the consequences of gas leakage, water contamination, dangerous chemical contamination and health issues.

Bulldust, the capped CSG well, fracking and boring will be a permanent part of that land forever as will any interference with groundwater. It is a permanent occupation of the land and the maintenance of the capped well and the fracked/bored land must always remain a responsibility of the gas company, as should the responsibility for the management of the impact of the gas operations on the landholders adjoining land.

Solatium is crucial to the compensation issue, your terminology of "hosting" is wrong and the CSG developer are leasing land, there will be permanent infrastructure on the leased land, infrastructure that cannot be guaranteed to definitely not fail in the future and must remain the responsibility of the CGS developer. Also the drilling and interference with the strata of the land will remain permanently, not only on the land leased but on the adjoining landholder held land.

You have left out the area drilled (horizontally and vertically), the area fracked and the land impacted by the fracking that can lead to the escape of leaked gas.

All my land has special value to me and the support it provides for the flora and fauna that it supports. The age and physical ability of my family, the special infrastructure we have developed all have special value to us.

CSG operations would ruin our ability to continue our equestrian operation, the disturbance could
cause dangerous situation for the working of our stock. Full acquisition/compensation would be the only alternative outside of the removal of CSG development and I am not sure the family would agree with acquisition.

Reference 24 - 0.08% Coverage

The results of CSG operations will be permanently impacting on the leased land and the adjoining land, only the surface infrastructure will be removed, unless of course you are going to remove the wells and restore the fracked/drilled land to its original condition, which is impossible

Reference 25 - 0.03% Coverage

It is certainly making property difficult to sell in my area and local real estate comments reflect a deterioration in value.

Reference 26 - 0.05% Coverage

I find that the confidentiality clauses in these contracts inhibit the fair negotiation of suitable rental and compensation. All agreements need to be made available publicly.

Reference 27 - 0.04% Coverage

Generally for all these agreements they favour the gas companies, there scope does not include all the areas of compensation/rental that need to be included.

Reference 28 - 0.03% Coverage

Should restore to original (impossible) or compensate for the impact of the disturbance and impacts they have left.

Reference 29 - 0.04% Coverage

What about compensation for health issues, gas leakage, fracking issues, strata damage, water issues and the impact of CSG operations on their property values

Reference 30 - 0.05% Coverage

Wells, gas leakage, fracking and health are permanent impacts not just for "hosting" (a bullshit word anyway), it is a permanent occupation of the land and impacts on the landholders adjoining land

Reference 31 - 0.08% Coverage

Impact is not just on land occupied, wells can extend horizontally and fracking can impact on the surface and strata and cause gas leakage. How are you going to compensate lifestyle units where improved, unimproved and production values do not reflect the full value to the occupier/landholder?

Reference 32 - 0.03% Coverage

What is the cost of restoration to the original condition prior to CSG-disturbance should reflect this cost.

Reference 33 - 0.02% Coverage

Or the land immediately adjacent, such as equestrian pursuits.

Reference 34 - 0.02% Coverage

Including special value to the owner, see previous comments in this regard.

Reference 35 - 0.02% Coverage
Does work for lifestyle landholders. There is special value to these type of landholder.

Reference 36 - 0.05% Coverage

This method does not reflect the special value to lifestyle landholders and the affinity they have with the specific land and their relationship with that lands flora and flora.

Reference 37 - 0.05% Coverage

The land occupied is not the full story, for me occupied also includes the land drilled under or fracked and the impact of that work on the surface of the landholders land.

Reference 38 - 0.04% Coverage

You really do avoid the issues. CSG is a permanent nuisance for the many reasons stated previously. Start to take this on board, IT IS PERMANENT INTERFERENCE.

Reference 39 - 0.11% Coverage

At least as good as original suites me but make sure you definition of land includes the strata, gas leakage, water resources and removal of wells. On going rehabilitation of the land must be the responsibility of the gas company. My experience working for a government department was that far too often rehabilitation was left to the public to pick up the bill for, especially so with Crown land.

Reference 40 - 0.08% Coverage

Be wary of upfront payments because issues are likely to develop in the future that once payment is accepted responsibility falls to the landholder and that cost could be considerable, landholders should be given warning of this by government when they are negotiating with gas companies.

Reference 41 - 0.03% Coverage

Anyone with gas operations under the land is hosting CSG development, all should be included.

Reference 42 - 0.02% Coverage

Wrong, definitely wrong. It must include all sub surface impacted landholders as well.

Reference 43 - 0.03% Coverage

Agreements between landholders and the gas companies should be a matter of public record, make it happen.

Reference 44 - 0.02% Coverage

Doesn't allow for loss of value for the landholders property.

Reference 45 - 0.02% Coverage

Consider the disposal of this water when considering compensation

Reference 46 - 0.02% Coverage

The below differences need to be included in NSW legislation.

Reference 47 - 0.03% Coverage

Pretty useless policy seeing it cannot be enforced, why is it not legislated, make it legislation.

Reference 48 - 0.02% Coverage
Why not, it should, include the risk of pollution in compensation.

Ensuring all of those impacted are put in a position where they are no worse of and no better off than they were prior to CSG. Fairness dictates the terms of compensation.

As a follow up to the Gloucester Tribunal hearing I made a second visit to the lady and I explained about the tribunal hearing I had attended. I told the lady that the PEL for the Lower Belford area had been handed back to government but that the NSW government was currently considering the reissue of some PELs and that when I enquired of the state office of CSG they said they could not confirm that a new PEL would not be issued over the Belford/Lower Belford area and that I should contact my local State MP. I asked the lady what they were doing with regards the purchase of the property, her reply was that the property ticked all the boxes that they required BUT that now they are aware of the possibility of CSG coming to the area they have decided to not proceed any further with their interest in the property. This is a telling indictment on the impact of CSG even if that CSG intrusion is only a possibility; less potential purchasers adversely impacts on value, ability to sell and the time taken to sell.

loss in value to our most substantial asset, our homes

loss of lifestyle

When even the threat of CSG comes to your community property values decrease, properties are harder and take longer to sell because fewer people are interested in purchasing. It seems that, under the present likely arrangements, not everyone in the community will be compensated; this flies in the face of the basis compensation that “no one will be better or worse off”. The base figure for any compensation needs to be based on the total decrease in land value across the whole community and then distributed to all those impacted. Additional compensation issues can then be done on an individual basis with every land holder and the local government authority.

For example my property maybe worth $800,000 not subject to CSG but once CSG comes to my community then the value of my property decreases. Examples elsewhere suggest maybe 20%+ and that means I would suffer a loss of $160,000 because of CSG. This is unfair, especially if I have no infrastructure on my land or immediate neighbours land and as a result may not receive any compensation under the existing situation. I do not see the Community Benefit fund addressing this issue where I will be left “no better or worse off”.

My preferred option would be that CSG operators be required to purchase all land that they require for their operations, all infrastructure sites, all sites which are drilled under or fractured and the land adjoining that provides an adequate buffer zone; Coal mining companies operated under similar arrangements, why not CSG operators?

Compensation for those that have signed access agreements with gas companies- when compensating those with land access agreements all their compensation issues should be part of that access agreement including loss of property value because it is an immediate loss in value that occurs the instant there is a PEL issued for that land, this loss of value increases once infrastructure and...
extraction commences and allowances/payments can be made for the ongoing decrease in value. The initial decrease in value should be an upfront payment at the time of the signing of the access agreement.

Reference 8 - 5.34% Coverage

Gas companies should not be allowed to dictate what issues are in or out with regards to compensation – for example: (1) Mr Hicks, Narrabri stated “I assure any landholder in New South Wales that Santos will never pay lump sums.” To assess compensation all the facts and options need to be on the table, the tribunal should not rule out any of the issues presented to the tribunal just because the CSG operators do not want it included or the guidelines for the tribunal do not cover the issue- true and full compensation must address all the relevant issues presented to the tribunal. CSG operations bring a whole range of issues to valuation of compensation that are new or have not been adequately addressed previously -such as horizontal boring, fracturing, gas leakage/air quality, well integrity, infrastructure (during operations and post operations), health impacts, community compensation, the difference between coal mining and CSG extraction with regards the ownership of the land where extraction operations are carried out on and many more issues. (2) Valuer Generals valuations used to determine annual payments – Mr Paull (APPEA) mentioned that Santos uses VG valuations and “that it is an objective number that you can’t argue with” Mr Hicks from Santos said similar at the Narrabri hearing. Valuer General rating valuations have no relevance to assessing CSG compensation; they are a rating valuation done at a specific base date, Mr Paull’s statement “that it is an objective number that you can’t argue with” is one that I can justifiable argue with. When assessing CSG compensation I consider it is essential to consider and compensate those impacted on the basis that the whole community is impacted. CSG operations at Broke in the Hunter Valley has shown that the industry has been prepared to spend many millions of dollars on acquiring properties to develop their operations, let them purchase all the land they require for their operation and also provide an adequate buffer zone around those operations.

Reference 9 - 1.34% Coverage

Consideration also needs to be given to granting of a PEL, it has an immediate impact on property values and that impact can continue for many years, what happens to these landholders, their lives are put on hold until it is shown no resources exists or their lives are further complicated by the discovery of a resource and the potential extraction of that resource. I say again, make CSG operators purchase the land they require for their operations and it would also remove some of the compensation issues.

Reference 10 - 2.01% Coverage

Water monitoring- again another example of the gas companies ignoring the need for full baseline studies on all the issues related to CSG- no studies on property values, community physical and mental health, flora/fauna, make up of the community with regards lifestyle issues, air quality, noise etc. etc. The other point is the validity of monitoring, it should never be in house and it must be independent and all the data from all the data sites available to the public unedited and within reasonable time lines (not three monthly or six monthly as he stated), we need this data as soon as it is available so that immediate action can be taken if damage occurs. The cost of independent monitoring is a cost of doing business and must be borne by the gas company.

Reference 11 - 2.21% Coverage

“In terms of devaluation of properties or in terms of having wells on your land, in Queensland there are now a number of properties which are actually being advertised for sale with the benefit of having coal seam gas wells on the property.” – No mention of the loss of value of the land associated with this income source, no comment on the value of the land once extraction has ceased, no mention of the cost of remediation, no mention of what the land is suitable for after extraction and if the land has the same or similar agricultural land use classification after cessation of CSG extraction. Again half truths and misleading, there is a pattern emerging about information from the mining industry and it is not good, it is in the newspapers most days and often written by the chief sophist from the Minerals Council Stephen Galilee.
“MR HARMSTORF: Before we move on to Lindsay, could I explore something with you, Stuart. You are saying the compensation to the community is more appropriate, more suitable during the construction time. You’re suggesting the government ought to be funding that compensation at that time; is that right? MR GALWAY: Yes, that is something that we have been investigating, namely, that there would be combined contribution. We see that there should be some sort of investment fund especially during that construction phase and then there would be an ongoing benefit from there and during the whole operation of the project.” Why is government contributing to compensation for an issue directly relating to work undertaken by CSG mining operators? Compensation for the actions of CSG operators should the sole responsibility of the gas companies. If government thinks they should have a monetary input it is an acknowledgement that they are contributing to the problem faced by impacted landholders.

Ms Muller – “there was a lot of concerns over how neighbour payments will be made and community payments and all of those sorts of things......... You mentioned, John, that you agree with some sort of neighbour payments, where there are exceedances of conditions, but you mentioned that was largely around relocation costs and the like.” – This was in relation to the Department of Resources and Energy and the preparation of the Community Benefit Fund proposal, for me the fund is limiting its focus and not covering all the impacts of CSG extraction that require compensation; just another reason why the tribunals report cannot be finalised until the details of the CBF and the Chief Scientists report recommendations have also been finalised and implemented, it leaves all compensation decisions open to legal challenge. Mining companies want the separation of access agreement compensation and community compensation because they think it will be cheaper for them, government will pay some of the compensation and it will be easier to limit compensation to all those impacted especially those landholders without CSG infrastructure and not adjoining neighbours.

“there was a phrase regarding permanent impacts and how that might be taken into consideration and then into a compensation payment...... there was a phrase regarding permanent impacts and how that might be taken into consideration and then into a compensation payment.” MR SMITH: “I don’t think it was dropped off. It was in the draft report, but what we said was that it is a complex issue and we think people should get professional advice on that.” Permanent impacts are at the crux of compensation, it is complex but most definitely needs to be included in to recommendations by the tribunal, no just compensation can be determined without compensation for permanent impacts. Professional advice on this issue should be provided for the whole community because it is a detrimental impact on the whole community and deserves compensation.

Ms Suh – “assumptions - this is on section 5 of the first page. The first is the rate of return that the landholder is expected to earn on financial investment per year.” – I know this case scenario is only an example but in the case of lifestyle properties a rate of return is not relevant when assessing compensation and the assessment of compensation using other means is required and will need to be assessed in conjunction with the landholder to assess that persons special circumstances.

Mr Paull – “ Visual amenity” – I agree that visual amenity should be included in compensation but there is more to the amenity question than just visual. “I think visual amenity is even more subjective. How much is my view worth? It’s definitely worth something, but what it is worth...”, the value of a view can be determined by comparing properties with views against properties without views, it is quite obvious when comparing house with and without water views, something that the Valuer Generals do regularly when making their rating valuations.
Reference 1 - 1.20% Coverage

The omission from the Tribunals guidelines with regards compensation for the loss of property values due to the impact of CSG.

Reference 2 - 1.56% Coverage

Without baseline studies of all conditions prior to CSG it is impossible to compensate for impacts that have not been monitored and measured from a baseline study.

Reference 3 - 3.85% Coverage

For myself I would prefer it if there was no compensation and that CSG operators were required to purchase all the land they require for their operations, including an adequate buffer around those operations. Coal mines purchase the land they require for their mining, why not CSG. If purchasing the land makes the CSG operation non viable then they never should have been considered in the first place.

Reference 4 - 3.37% Coverage

Why is it that landholders have to cover the loss of their property’s value so that CSG companies can make a profit; that is not placing them in a position where they are “no better or worse off”? Landholders are subsidising the CSG industry to the value of that loss of property value on what is likely to be the most valuable asset they will ever own.

Reference 5 - 1.03% Coverage

No option to deny access to CSG so landholders are not in a position to negotiate strongly with CSG industry

Reference 6 - 1.22% Coverage

No consideration of making CSG industry purchase all the land they require to operate, including the land that they drill under.

Reference 7 - 0.41% Coverage

No compensation for loss of property values

Reference 8 - 4.34% Coverage

The draft report recommends that compensation only be paid to neighbours for such things as noise and hours of operations and only when they exceed reasonable levels. This is a “get out of jail free card” for a mining industry that has a huge track record of non compliance and a cost/monitoring imposition on landholders who are not in a time scale or financial position to afford. Self monitoring by the industry or government influenced EPA is a joke.

Reference 9 - 3.72% Coverage

If the mining industry finds it uneconomic to buy the land they require for their operations or can’t afford to pay the compensation for the loss of property values then the project should be considered financially non viable; private individuals should not all be left to bare the cost of mining company operations just so that mining can make a profit at the expense of those individuals.

The excuse not to buy landowner outright, is laughable. It would only take a matter of a severe rain event to make the land unusable and valueless. and compensation unrealistic to achieve, with mining
Co to take years if ever through our court system not to pay compensation.

Reference 1 - 1.73% Coverage

(1) Baseline health checks be made available to all community members living within a certain distance (to be determined) of CSG activities, and

(2) Recognising that some health effects may take years to become apparent, adequate long term insurance cover is provided.

Reference 2 - 9.19% Coverage

Just Terms

Reference is made in Section 4.2 to the Just Terms Act (JTA), though the IP subsequently opines that this is not of relevance in CSG matters, on the ground that relocation of a landholder is not likely to be necessary. Here I beg to differ. There is as yet little experience of onshore CSG extraction in Australia, and the possible long-term consequences of extraction in, for example, the complex geology of the Stroud Gloucester Syncline, are quite simply, not known. Yet the Precautionary Principle, which would seem to be of relevance in such a situation, has been wished out of existence.

The introduction of the concept of “Just Terms Acquisition” into the discussion is an attempt to portray CSG acquisitions as being on a par with, for example, an acquisition for road widening, and thence to imply that CSG development is equally in the public interest. However, should such a situation arise, while the JTA provisions may provide a starting point for establishing the quantum of compensation, it should be noted that the context is quite different. As envisaged under the JTA, purpose which will be of benefit to society at large. In the CSG case the land is being occupied and used by a commercial entity for the purpose of sustaining the company’s activities, and benefiting the shareholders, directors, and senior management.

Conclusion: In summary, I ask that the land is being acquired by the Crown for a

Reference 1 - 1.35% Coverage

Property entry by mining companies The conflicting legal issues regarding the mining company's right to enter properties (whether for initial survey, exploration, production, access to other properties or for any other purpose) and the landholder's rights to deny access should be clarified and formalised at law.

Reference 2 - 4.09% Coverage

Agricultural production The Gloucester Valley has a developing agricultural-horticultural industry that depends substantially on organic growing qualities. In addition its established dairy and meat industries are coming under increasing scrutiny concerning purity issues. Both meat and dairy production are known to be highly vulnerable to extraneous chemicals.

The use of fracking procedures is a matter of considerable concern, both in regard to the procedures and materials used, and to the natural release of the highly dangerous BTEX chemicals. The extent and long term effects of this damage cannot satisfactorily be gauged at present but a potentially significant impact on property values can be expected to result.

It should be noted that the long term effects of fracking, water treatment processes and the disposal of waste water cannot be satisfactorily assessed in the short term and may take a number of years to impact fully.

Reference 3 - 9.06% Coverage

Scenic-heritage significance Tourism and new settlement are now major industries in the Gloucester Valley. These are addressed further below but the areas scenic-heritage significance should first be
addressed. These qualities underpin much of the area’s development and impact in a positive manner on the area’s land values. Damage to these qualities will impact severely on land values. Acknowledging the valley’s scenic-heritage significance has been strenuously avoided by all government agencies, both State and Federal. These qualities underpin the valley’s life-style settlement, its tourism, its developing agriculture/horticulture industries and a significant section of its retail-service businesses. It follows that the impact of CSG and coal developments on property values will be high.

A review of the Valley’s heritage assessments follows.

Robert Dawson acknowledged the area’s special scenic qualities in his 1826 exploration. The first recognition of the Vale’s heritage significance in a modern sense was in the publication Vale of Gloucester, written by Eve Keane and published by Gloucester Shire Council in 1953.

The National Trust of Australia (NSW) classified the Vale as a heritage landscape in 1975 and revised the listing for the Vale of Gloucester in 1981. The National Trust again revised the listing in 2011, changing the listing title to the Stroud Gloucester Valley, incorporating the Vale of Gloucester.

The National Trust referred the nomination to the Australian Heritage Commission in 1976 for entry in the Register of the National Estate. The RNE has now been abolished in favour of the new register, the National Heritage List.

The Barrington-Gloucester-Stroud Preservation Alliance completed a comprehensive assessment in 2009. That assessment was titled The Stroud-Gloucester Valley and the Vale of Gloucester: A heritage landscape under threat. The Alliance submitted a nomination to the Department of Sustainability, Water, Population, Environment and Communities in 2011 for the Valley to be assessed for national heritage significance.

Reference 4 - 2.12% Coverage

4.5.1 Neighbouring landholders

The impact on neighbouring landholders can be severe. Neighbouring landholders have been one of the most disadvantaged groups involved in major development projects. They suffer noise, loss of privacy, stress and loss of visual amenity and frequently suffer ongoing diminishment of lifestyle and ongoing psychological stress. They often suffer considerable loss in property values, frequently without acknowledgement of that and any significant compensation.

Reference 5 - 1.82% Coverage

This could be a difficult area to address but a number of potential uses that are relevant to the Gloucester Valley are in conflict with the gas and coal developments. Rural ‘holiday’ accommodation is a growing industry in the area. This will be severely impacted by the proposed development. Organic horticulture/agriculture, both in the immediate area and downstream, are inconsistent with the impacts of CSG extraction.

Reference 6 - 1.36% Coverage

This is unclear at this stage. We note the term ‘permanent’ is often used in planning terms to mean long term, rather than permanent in the absolute sense. Ongoing matters of soil ‘poisoning’, water table damage and water quality damage, both locally and downstream, are matters that potentially meet this impact.

Reference 7 - 2.89% Coverage

The writer strongly agrees but there is no simple answer to ‘If so, how?’ The broadening of compensation provisions requires a substantial change in the direction of the thinking processes – old style ‘direct damage’ concepts need to be set aside to allow a greater understanding of the impacts of this type of development on lifestyle and property values. The breadth of assessment should consider those values that are indirectly affected. This does not mean that damage that is remote and theoretical/hypothetical should be compensated, but that the consideration processes should be as broad as possible, even if some properties would not qualify for compensation.

Reference 8 - 1.00% Coverage

There is considerable, though circumstantial evidence open to various interpretations, that property values in a substantial part of the Gloucester Valley have been adversely affected even they lie well...
outside the development area.

Reference 9 - 2.11% Coverage

It would be unreasonable to attempt to quantify this loss and to compensate for it but compensation should be extended to those areas that clearly suffer some loss of amenity. Properties that are situated within the exploration areas are suffering loss in value by way of their general situation although the impact on individual properties may be difficult to define and quantify. (By way of comment, the writer’s property is situated well outside these areas and no impact is claimed.)

Reference 1 - 32.39% Coverage

As part of this agreement, we were offered a one off payment of less than $2,000, which is considered nominal in my opinion. The agreement did not include any ongoing annual payment arrangements. The gas line which now travels through our property, runs the whole boundary of eastern side of the title. The agreement was established in the early phases of the gas project, when we were not aware of the impacts that this easement would have on our farming activities. Furthermore, we understand that similar agreements have since been established at a much greater financial benefit to those landholders concerned. With hind sight, whilst also taking into consideration the subsequent agreements mentioned above, I feel that as a minimum, we should be entitled to an ongoing annual payment arrangement as well as retrospective payment.

Reference 2 - 4.90% Coverage

The Terms of Reference and Issues Paper both state that “the NSW Government intends that landholders receive compensation that is at least as good as that received by other landholders in Australia who host gas development.” It can be argued that “good” implies a value judgement and “equal to” is far more objective. As for the intention of this statement, it is more about maintaining competitiveness with other states than justice. Surely IPART should be aiming for, and recommending, JUST payment of compensation, regardless of where that value falls, rather than just meeting the best of a bad bunch of ad hoc systems in place in other Australian states.

Reference 3 - 5.36% Coverage

In Issues Paper Section 4 the emphasis is on hosting wells and pipelines on rural properties. One only has to visit the gas fields of Queensland to understand that the entire area is industrialised. One massive reverse osmosis plant has significant sound, light and visual impacts over many kilometres. And that is the tip of the iceberg. There are many other associated major installations. It is no longer a rural landscape and so YES, there will be permanent impacts on the value of land in that area unless, when the field is finally abandoned, they deconstruct all the major installations and metal labyrinths. As that would be many years into the future, it is as good as permanent to the current owner and residents.

Reference 1 - 15.74% Coverage

While the model is welcomed and gives an excellent starting point and in some cases will define the
process, it should not be the sole arbitration option on negotiations between a landholder and a gas company, it should only be used as a guide. The “one size does not fit all precedent” applies in this case, with land holders best placed to negotiate on their own unique conditions.

A very clear message from the Tamworth electorate is that the only way genuine trust and faith in the system and process would be achieved is through amendments made to legislation, and I note that the draft report recommends amendments to legislation to address the relevant impacts of gas exploration and production on land holders.

The draft report believes that the:

"The provisions for compensation in the Petroleum (Onshore) Act 1991 (NSW) (the Act) be amended to reflect those in the Queensland Petroleum and Gas (Production and Safety) Act 2004. These amendments will ensure legislation supports fair compensation for land holders and meets the NSW Government’s intent that landholders in NSW receive compensation that is at least as good as in other parts of Australia."

Reference 1 - 2.17% Coverage

I am a mother of 4 living and working on an irrigated broad-acre and cropping farm within the borders of a Santos Petroleum licence. We are not landowners but would love to be one day. We would like to think that our employer would have the ability to say ‘no’ to our family having to live in an industrial environment where; air and water quality, further chemical exposure, incoming and outgoing traffic, personnel and equipment would all pose concerns for the health and wellbeing for my husband and I, our 4 children and other staff on the property.

Reference 2 - 2.08% Coverage

Firstly I would caution you that the terminology used within any recommendations, legislation and legally binding documents should be clear, concise and use plain English. Even the review you have set out requires people to read, re-read and look up a glossary to understand the true meaning of the words eg. Non-market valuation, injurious affection, solatium etc. this is unacceptably complicated for mere farmers, landowners and working men and women who will be required to comprehend the full implications of these documents.

Reference 3 - 2.40% Coverage

Base line studies and ongoing monitoring should be part of any compensation agreement. Before an agreement is signed the contract should refer to baseline health assessments of water, soil, biodiversity and individuals to accurately document the effects on environment and those living and working under the environmental conditions created by CSG operations. There should also be a compensatory framework for each, which indicates what changes over time will be compensated for. The companies should be required to take out insurance to assure that compensation agreements are funded throughout the long term.

Reference 4 - 1.09% Coverage

I agree with these four steps at this point in time but am concerned that should new impacts arise, there may be no way to account for them retrospectively in terms of an agreement unless there is provision within the agreement for compensation for unforeseen events or impacts.

Reference 5 - 2.67% Coverage

Solatium should also be included in this list as many people living near CSG wells feel that their health is in danger from toxins dispersed into the air during flaring and gas leakage. These people often sign up believing there will be no problems and find later that their health and wellbeing has suffered immensely. These people must be compensated for having to relocate to feel safe and well. Even if this is compensated as a standard weekly rental cost for housing equivalent to that of the house they are vacating. There are other times when people are asked to move off their land for CSG development purposes or when incidents occur that pose risks over the short term.
Special value of land and loss of opportunity should be considered compensable. For example a producer who has a long term plan to be an organic farmer and has gone through that process and set himself up but can no longer follow that plan due to CSG or someone undertaking carbon sequestration plans, should have access to compensation. Other special values to be considered would be conservation, heritage areas, highly biodiverse areas or farm projects that are unique and have tourism or research values.

Disturbance clauses to cover subsidence, long term water contamination, gas leakage that may not arise or be apparent for many years into the future. A disturbance compensation for unforeseen complications that are found in future to be connected with CSG, eg earthquakes are now being linked to reinjection of produced water to aquifers in the USA therefor the cost of earthquake damage on structures and equipment should be claimable in that event. The costs of long term monitoring of wells, gas emissions at the well head and soil and water quality decades beyond the lifetime of production should be considered. Plugging and abandoning of wells should not be seen as the end of monitoring requirements nor access agreements, which should allow for the costs/inconvenience to landowners to allow monitoring to continue forever.

Yes I agree with the view that legislative provisions for landholder compensation should be broadened. Legislation should seek to prepare for all issues that may arise rather than be limited by strict definitions. I feel that there should be some mention of future compensation for health issues arisen from CSG wells/ processes that are scientifically linked in future. Landholders should be assured that all losses will be compensated for, not just their immediate land value and lifestyle.

No, compensation should not be limited to landowners and their direct neighbours where csg operations take place. Councils also need agreements for compensation for issues that affect their infrastructure, land use etc. There also needs to be a compensation agreement for community whereby all people reliant on water or road access can be compensated if there has been increased traffic leading to secondary issues, an incident directly related to the companies’ actions within the community that leads to health problems, visual amenity, noise, loss of services, and loss of property and/or life.

One size does not fit all. Market value of areas can change quickly within just a few kms or years, an independent valuer needs to be appointed and a second opinion available. Valuation should include income associated with the current land use and planned usage also.

Compensation should also be extended to near neighbours for the same reasons.

I read that environmental controls are outside the scope of this submission but the type and monitoring of these controls needs to be taken into account when negotiating compensation packages. Base line studies need to be done so we know when the environment changes and when compensation needs to start and at what level.
Agreements that have been signed in the past will need to be renegotiated to put everyone on an even footing. In the past most communities and landholders did not have all the facts about coal/gas developments, this is changing and people are realising their rights and how development can impact them and the environment.

Reference 4 - 3.60% Coverage

I dislike the idea that the Government share the royalties they get to pay landowners compensation; this would be like compensating yourself! I agree that government royalties go towards community projects in partnership 50:50 with the gas/mining companies. The companies involved with gaining access should be solely responsible for landowner and near neighbour compensation and partly fund community projects with the government.

Reference 5 - 8.78% Coverage

Who determines the quality of land for compensation? Different managers also have different expertise, level of development of their farm and infrastructure this is what affects the success of a business not just their soil type. If this is regionally based say on soil types, what consideration is given to landholders who have made quantifiable improvements to their soil types? How do we continue to encourage people to actively improve their farm which a lot of farmers have done in this area through the carbon initiative program with the CMA (now Local Land Services)? The government has invested considerable financial resources and this should not be wasted through bad gas planning or made out to be a waste of the landowner’s time and energy. So to compensate landowners fully the market value of the land should be used as a base value and add infrastructure, including soil and pasture improvements and investigate on a case by case approach negotiating with the farmer, his agronomist/adviser and his accountant for the business compensation.

Reference 6 - 2.45% Coverage

It needs to be clear about responsibly for infrastructure now and into the future who’s insurance responsibility is it? If decommissioned infrastructure is on your property is there a perpetual compensation agreement for access and what happens to these agreements when properties change hands?

Reference 7 - 2.26% Coverage

Compensation agreements should be fully transparent to reduce division in the community and disallow inequality. Confidentially agreements should be relevant if the companies are up front and really want to be a part of communities and not be scared of the whistle blower.

Reference 1 - 0.26% Coverage

Current access provisions remove the right to refuse occupation (as would be the case in an offer to occupy by a private lessee). The establishment of CSG wells and infrastructure interferes with the landholder’s right to occupy the surface; and occupation interferes with the landholder’s right to quiet enjoyment of the property through the conduct of drilling, production and maintenance activities.

Reference 2 - 0.38% Coverage

The degree of impact will depend upon the character of the work and the land it occupies. There is considerable variation in land values per hectare across the state of NSW and within well defined localities such as Menangle – Cawdor. Moreover, there is considerable variation between CSG projects. All this militates against the adoption of schemes based upon dollar rates per well, and writers on the subject of compensation (including Australian Petroleum Production and Exploration Association [APPEA], Australian Senate 2011) counsel against attempts to adopt rates per well.

Reference 3 - 0.34% Coverage
“Piecemeal” and “before and after” techniques provide a practical and adaptable means by which compensation problems can be solved. There are existing examples of their application in mining and gas well applications. Particularly, the “piecemeal” approach can easily be adapted to the CSG compensation problem in Halfpenny, and uses mathematics no more complex than addition, subtraction, multiplication and division (as does the “before and after” approach). Both approaches are easily managed via spreadsheet applications.

Reference 4 - 0.42% Coverage

The problem in NSW is the legislation was enacted prior to the establishment of the CSG industry in the state, and has lagged behind the legislation of other states. A comparative study of the legislation in NSW “as made” and “in force” as at 30 April 2015 indicates that the compensation provisions of Sec 109 have (surprisingly) not been widened since inception. Queensland introduced a new compensation regime with its Queensland Petroleum and Gas (Production and Safety) Act 2004, and provides NSW with one example of how compensation might be achieved. Another example can be found in the NSW Land Acquisition (Just Terms Compensation) Act 1991.

Reference 5 - 0.61% Coverage

The terms specified by the gas operators are sometimes longer than the term of commercial leases negotiated in the open market. Occupation may endure for some years (with some operators reporting 10 – 15 years and others up to 40 years). In practice, it is difficult to identify the term of occupation at the inception of the arrangement (see 1.6 below). However, occupation (even between terms of 10 and 20 years) cannot be regarded as being temporary. Figure 1 illustrates the percentage value of full freehold value represented by various terms of occupation. Comparison of terms of occupancy with freehold interests (based on conventional valuation techniques, for instance Bell, 1999, 82, 83) indicates that occupation spanning year 1 to year 10 can be worth between 40 and 50% of full freehold value: and one spanning year 1 to year 25 worth 72% to 83% at the inception of the arrangement depending upon the interest rate used.

Reference 6 - 0.33% Coverage

Occupation under the NSW Petroleum [Onshore] Act 1991 interferes with the “bundle of rights” of landholders in three ways. It removes the right to refuse occupation (as would be the case in an offer to occupy by a private lessee); the establishment of CSG wells and infrastructure interferes with the landholder’s right to occupy the surface; occupation interferes with the landholder’s right to quiet enjoyment of the property through the conduct of drilling, production and maintenance activities.

Reference 7 - 0.15% Coverage

Additionally, rural land frequently provides a home for farming families (for rural “lifestyle” properties this use may comprise the dominant use of the property). Valuation techniques for rural land must take account of this function.

Reference 8 - 0.84% Coverage

Moreover, Gopalakrishnan and Klaibera 2013, 25 (in their study of property located near shale gas wells in North America) noted the impacts were “... highly heterogeneous, suggesting that a one size fits all characterization of the impact of shale development on surrounding homeowners is not suitable for policy decisions. Indeed, Australian Petroleum Production and Exploration Association (APPEA) 2011 advised, in respect of standard dollar rates per well, that due to variation in property types and in projects “while an average amount can be produced it is misleading in that it would treat all land and petroleum activities as homogenous when there is considerable variation in reality”). The suggestion in 5.2.2 of the IPART paper that a dollar rate per wellhead serve as a proxy for land area appears likely to benefit gas operators rather than landholders, and ignores the substantial variation in both property characteristics and well and track areas that occurs in the field. It is reasonable (for the reasons outlined in 1.6 of this paper) that landholders receive full information about the project that will occupy their land: moreover it is my direct experience (over 45 years in property) that landholders will go to great lengths to ensure they receive every dollar due to them.
A survey of the cases indicates NSW and mining courts in NSW have applied the following methods of assessing compensation:

- The “formula approach” (as in Electricity Commission of NSW v Reynolds, NSW 1978 and Australian Gaslight Company v O’Grady & Burrell NSW 1986) where compensation for land occupied is paid and nuisance during temporary occupation for exploration is assessed via a dollar rate per vehicle visit.
- Lost agistment income (as in Moolarben Coal Mines Pty Ltd and ors v Ulan Coal, NSW, 2008, 26) is used to assess loss of the land. $50,000 compensation for severance and damages to improvements were added to assess loss under the NSW Mining Act 1992.
- A summation (or piecemeal) approach based on the area of land occupied, as in Halfpenny and Morgan Mining and Industrial Group Pty Ltd v Norris, Wardens Court 1977. This method appears similar to that disclosed in Australian Senate Questions Taken on Notice – AGL 29 August 2011, 33.
- An alternative to summation on the basis of land area is the use of a rate per well (see Clutha Development v Yeomans 1981 and Endeavour Coal Pty Ltd and Presquartz 2007). As practised, these approaches often overlook loss to the balance land.

Although a “tradition” for CSG valuation was referred to in Halfpenny, it is recognised that CSG occupation is relatively new to NSW and “traditions” must necessarily be borrowed from mining occupations for exploration (which are often of short duration). In Alcorn & Ors v Coal Mines of Australia Pty Ltd, 2009, 88, the mining warden cited his study of the history of the use of a value per hole, or well, (dating back to 1974). The warden thought rates per well came from estimates of the value of occupied lands “relating that back to the number of drill holes intended upon the property”. The rationale for this was proposed as “a mining company does not know, at the time of a court hearing, the exact number of drill holes it will require to make”. Thus, the use of a rate per drill hole may originate in the need for a “rule of thumb” by mining explorers. The NSW mining and gas cases often do not have a lot to say about loss in value to the balance land via severance and injurious affection (possibly as a result of legislative provisions). Although (following expert valuation evidence) the court added $50,000 compensation for severance in Moolarben Coal Mines Pty Ltd and ors v Ulan Coal, NSW, 2008, in some cases where severance clearly existed no award was made. As an example, in Newbridge Slate v Dapila Mining, 1997. the NSW Mining Act provisions furnished access for a slate mine in five separate parcels within the affected holding of 130 ha, but compensation was awarded for only the land occupied. Severance was discussed in the NSW case of Australian Gaslight Company v O’Grady & Burrell NSW 1986, 17; but no compensation was awarded. Although severance would have been claimable in Halfpenny because of occupation by ten wells, analysis of the award shows that no compensation was awarded for this item. However, in Andrewartha & Ors v BHP Steel (AIS) Pty Ltd 1998 (a case that considered loss in value due to loss of amenity caused by a partial drying up of the Cataract River), the court considered a number of “before and after” valuations, and it awarded compensation based on those valuations. The NSW cases demonstrate there is no single “traditional” approach to assessing compensation for mining or gas projects. As occupation by CSG infrastructure creates a similar impact to that of an easement, it would seem reasonable to conclude that the traditional methods of valuation for easements have considerable utility in calculating compensation for CSG: and this is what happens in Queensland.

Queensland mining courts have noted that Australian valuation theory has a number of well-tried methods of assessment for partial occupation. In Smith v Cameron (1986) 11 QLCR (64) the court noted:

(ii) That the use of land for mining purposes is in the nature of a compulsory acquisition of land for a limited period. (iii) That the various principles and practices of valuation applied in determining compensation for the taking of limited rights over land for public purposes are applicable in the assessment of compensation. (iv) That the test in assessing compensation is the attitude of the hypothetical prudent purchaser and the extent to which in the opinion of such a person the owner’s land has suffered diminution in the value of his property resulting from the mining operations on his land and the creation of the encumbrance including where appropriate severance and injurious
affection damage.

Reference 11 - 0.57% Coverage

There is a well-established valuation theory for the acquisition of part of holdings in Australia. Qualified valuers (who have completed a formal course of study and met certain professional requirements) usually carry out valuations for compensation purposes. The current theory has evolved to deal with acquisitions of such things as roads, sewer and water facilities and electricity infrastructure. Four major texts on the law of compulsory acquisition and its practice exist. Moreover, a wealth of discussion papers has appeared in the professional journals. Courts have scrutinised valuation theory over considerable time, and judgements form an essential part of the body of knowledge (providing a wealth of examples of the circumstances of acquisitions and the means used to compensate landholders). This theory has a part to play in assessing compensation for CSG occupation.

Reference 12 - 0.83% Coverage

The court in Smith v Cameron (1986) went on to proclaim, “That each case will depend on its own facts and circumstances but either the “before and after” method of valuation or piecemeal assessment is open to the valuer”. Wills v Minerva Coal Pty Ltd QLC/1998 further discussed the applicable methods of valuation in a mining context. These approaches have their basis in “direct comparison” (Rost and Collins, 1990, 495-497), a method described by Jacobs, 1010, 19.70 as “the pre-eminent approach to valuation”, and Brown, 2009, 4.11 considers this established beyond doubt: Hyam, 2009 endorses this. The “before and after” and “piecemeal” approaches are recognised by the valuation literature as having utility in compensating landholders for partial taking. Importantly, there are examples of the application of traditional methods of valuation in mining acquisitions. There is no need to invent methods to compensate landholders. As pointed out in the Queensland cases cited, the “before and after” and “piecemeal” methods of valuation have considerable efficacy in dealing with compensation for partial occupation. Queensland and Albertan court decisions provide a number of examples of the calculation of landholder compensation in the context of mining and gas occupation.

Reference 13 - 0.24% Coverage

The existing theory of compensation for “partial taking” in property valuation is robust: and it has been subject to close scrutiny in a wide range of valuation circumstances. The Queensland cases cited in this paper demonstrate that it can be readily adapted to CSG occupation (which is for a term rather than perpetuity). It is supported by valuation approaches elsewhere.

Reference 14 - 0.39% Coverage

The “four heads” approach forms one of the pillars of the Albertan compensation system, and is a form of the “piecemeal” approach. The approach sets out a framework for compensation based on the land occupied, inconvenience and nuisance and adverse effect (Barton 1998). The Albertan “surface rights” cases pertaining to the occupation of land by wells and pipelines yield a number of explicit valuation compensation calculations that are useful in a NSW context. Particularly, these assist in structuring payments for the establishment and operational years of gas projects (see comments in 2.12 below).

Reference 15 - 0.86% Coverage

A second Albertan approach, the “pattern of dealings”, utilizes settled deals between gas companies and landholders (and is a form of direct comparison valuation). On occasions, the “four heads” approach is informed by data derived from the “pattern of dealings”. However, it is important to note the Albertan courts have insisted that settled transactions are comparable both in respect of the work and the property (Barton op cit). The “pattern of dealings” approach would be difficult to implement in the current NSW environment (where deals struck with landholders are subject to Evidence of land values on a hectare or square metre basis from sales. Evidence of diminution from sales evidence. “confidentiality” restraints and where a degree of secrecy surrounds CSG compensation deals). The Australian Senate (2011) in its interim report observed: … confidentiality agreements were perceived as offering an advantage to the gas companies in that they prevented unified action by landholders to ensure that all agreements were in similar form and that compensation payments were soundly based
and included similar levels of compensation for similar types of landholding. If compensation deals were made available this would provide a foundation for a system similar to the Albertan “pattern of dealings” in NSW.

Reference 16 - 0.62% Coverage

The starting point in providing affected landholders with fair compensation is the prescription of a set of compensation provisions that stipulate the matters that are compensable. This would include the heads of:
- Loss of land occupied;
- Severance damage;
- Injurious affection;
- Disturbance costs.

Having in mind that these provisions have remained virtually unchanged since 1991, the requirement for reform is critical.

Queensland introduced a new compensation regime with its Queensland Petroleum and Gas (Production and Safety) Act 2004, and provides NSW with one example of how compensation might be achieved. NSW could also calculate compensation under the NSW Land Acquisition (Just Terms Compensation) Act 1991. The legislative specification of “just terms” compensation for CSG occupation should provide a solid foundation for the assessment of individual claims (which, based on my own research, would be likely to be wide ranging in nature).

Reference 17 - 0.57% Coverage

The prime principle of compensation should be that landholders are compensated “fairly” (see discussion in Brown, 2009, 3.1 and 3.2). In the case of CSG, “fair” compensation, would reimburse that landholder for all losses resulting from the occupation (including both loss of utility and loss of amenity to the balance land) and would include all disturbance costs. Of course, any betterment to property (for example provision of access to land hitherto inaccessible) would offset compensation. Methods of assessing compensation that address impacts on the balance land (such as “before and after” and “piecemeal” approaches) would facilitate “fair” compensation. However, methods that consider only the attributes of the work (for instance value per well) would not be capable of assessing fair compensation because they do not address loss of amenity or utility to the balance land.

Reference 18 - 0.49% Coverage

To be “adaptable”, approaches to valuation would have to consider land values relevant to the locality and property in question (see 1.4 above). Moreover, to be adaptable a compensation scheme should address the key variations that occur in CSG projects. These include:
- Area of land taken up by wells, hardstand, dams and access tracks;
- Number of wells and their location;
- Other CSG improvements constructed and their location;
- Extra land taken up during establishment and maintenance operations, and the duration of occupation.

The degree of negative affect will, as indicated by APPEA (response to questions on notice to the Australian Senate 2011), depend upon the scope and character of both the CSG work and the property it occupies.

Reference 19 - 0.49% Coverage

At 1.3 above, Figures 2 and 3 illustrate the variations that can occur in the field. “Practicality” should not be attempted via inappropriate generalisations such as a value per well. Such approaches ignore variations in affected properties and CSG works: and, accordingly, fail the test of “adaptability”. They are inappropriate from the points of view of the management of landholdings and calculation of fair compensation. It would be grossly unfair of NSW to convey rights of access to gas operators over the land of others and then go on to stipulate a method of valuation that did not deal squarely with the issue of loss in value to the balance land. Practicality can be achieved through use of the “piecemeal” and “before and after” approaches.

Reference 20 - 0.33% Coverage

As noted by the court in the Queensland mining case of Peabody West Burton Pty Ltd & Ors v Mason & Ors [2012] QLC 23, the first step in assessing compensation is identifying the harms suffered by landholders. The list of harms (or potential harms) provides a foundation for formulating a compensation scheme. However, because of the variations in land values and CSG schemes, it will not be possible to “estimate compensation impacts” that would apply to all properties in all localities
The heads of compensation “land occupied; severance and injurious affection” are well documented in the valuation literature. However, CSG occupation brings about a highly unusual form of “tenancy” where the landholder presently has no legal right to refuse access; where the land is occupied by an extractive industry and where the actual term of the arrangement is unknown. The arrangement would be one that would be extremely unattractive to prudent landholders. Because of this, some allowance for “blot” could be considered (even though there is no actual blot on title). One solution might be to pay the 10% (solatium like) payment for the compulsory nature of action taken noted by Richardson and Compton (2010, 73) contained in (s 284 (4) of the Queensland Mineral Resources Act (1989).

Additionally, where (as was the case in Halfpenny) a property is subjected to occupation by multiple wells, landholders could be empowered to request the total acquisition of the property holder under “just terms” like conditions. Indeed, Australia Pacific LNG/Origin. (Australian Senate Inquiry into the Murray Darling System, Questions on notice 9 September 11, 10) indicated their policy allowed acquisition of whole property that was affected in a major way.

Existing valuation theory recognises special value (see Rost and Collins 1999, 557). It was discussed in Moolarben Coal Mines Pty Ltd , Sojitz Moolarben Resources Pty Ltd, Kores Australian Coal Pty Ltd v Ulan Coal, 2008), but was not compensated in that case. Existing and proposed CSG gas fields are located in disparate areas. In view of this, legislation should specify clear support for “special value” so that the item may be claimed where applicable. Adoption of the compensation provisions of the NSW Land Acquisition (Just Terms- Compensation) Act 1991 would safeguard inclusion of this item.

The valuation theory for compensating compulsory acquisition recognises potential loss in value for “stigma” or “fear” factor (Jacobs, 2010, 18.180). It is a part of “injurious affection”. CSG works involve drilling (which has the potential to interfere with underground water, a resource frequently relied upon by landholders), and there are concerns regarding contamination. However, some writers (see for example Siemens, 2003, 123) report that stigma declines over time (especially post clean-up). Whilst there is no current evidence of the existence of stigma, it is nevertheless something that must be kept in mind. This item would normally be classified as injurious affection.

Adoption of the compensation provisions of the NSW Land Acquisition (Just Terms- Compensation) Act 1991 would ensure inclusion of this item.

Plainly, the compensation provisions of the NSW Petroleum (Onshore) Act need to be widened. White (1999), in his comparative study of Australian legislation, criticised both the NSW Mining and NSW Petroleum Acts as providing the narrowest rights to “compensable loss”. Moreover, the compensation awarded to Halfpenny Investments is an exemplar of the shortcomings of both the current legislation and the method applied by the court (which made no allowance for loss in value to the “balance land”). The right to loss in value to balance land through the carrying out of works (the injurious affection) needs to be specified as compensable, and the right to reimbursement for professional fees needs to be widened (see 2.10 below). The Queensland Petroleum and Gas (Production and Safety) Act 2004 widened the potential for compensation by replacing the Queensland Petroleum Act 1923 (which had similar compensation provisions to the NSW Petroleum (Onshore) Act 1991 in 2004). The legislation now provides at 532 (4) for (a), (ii) diminution of its value; (iii) diminution of the use made or that may be made of the land or any improvement on it. (Scarr, 2004, 57) indicated that this terminology includes loss in value to the balance lands.

NSW has two options: (i) It could adopt legislation similar to the compensation provisions of the Queensland Petroleum and Gas (Production and Safety) Act 2004 or (ii) The Petroleum (Onshore) Act 1991 could be amended to stipulate that compensation should be payable under the compensation provisions of the NSW Land Acquisition (Just Terms Compensation)
Act 1991, and both acts would need to make it clear that compensation may take the form of an upfront payment and annual rent. Provision for further compensation upon variation of the project would have to be incorporated.

Reference 26 - 0.43% Coverage

As noted in the Queensland cases cited in 1.5 and 1.7 above, the existing theory of valuation for compulsory acquisition is adequate to deal with partial acquisition for mining acquisitions (including CSG) for a wide range of property types (including those to be found in Menangle, the Hunter Valley, Liverpool Plains, Gloucester and Northern Rivers). It is likely that the “before and after” and “piecemeal” methods of valuation would be of utility in assessing compensation. However, for some property types, hypothetical development and income capitalisation might be appropriate (for example, property with subdivisional potential or used for intensive production).

Reference 27 - 0.26% Coverage

2.8.1 The rental approach as in Halfpenny.

The approach taken in the Halfpenny case was a basic summation (or piecemeal approach) which assigned a value to the land occupied and converted this to a rent. It cites relevant areas and a value per hectare of $25,000 (which would now be out of date). The areas and rate per hectare disclosed in the judgement are used in Table 3 and those following.

Reference 28 - 0.19% Coverage

A comprehensive compensation scheme would include: ☐ Fair payment for all land occupied (with all areas under hard stand or reserved for the gas operators purpose compensated for); ☐ Full right to loss in value to balance land; ☐ Recompense of all professional costs incurred in negotiations.

Reference 29 - 0.20% Coverage

This would result in a lease arrangement similar to a commercial lease structure (used also for Crown land leases in NSW) where the rent for successive years is escalated according to a set formula (perhaps fixed escalation of CPI adjustment). Rent could be adjusted to market value every four or five years.

Reference 30 - 0.22% Coverage

The establishment of a public record of transactions would provide an important database of information, and might lead to establishment of a system similar to the Albertan “pattern of dealings”. Moreover, this could also provide information relating to the quantum of compensation for well sites and tracks, and for diminution to balance land.

Reference 31 - 0.15% Coverage

The most pressing requirement is the specification of a modern (post CSG introduction) compensation regime that incorporates compensation for:
☐ Value of the land occupied; ☐ Severance; ☐ Injurious affection; ☐ Disturbance.

Reference 1 - 36.98% Coverage

Until an access arrangement is either negotiated or determined a landholder has an absolute right to deny access to a title holder. The title holder has no right to a site visit or any other right to access the landholders land under the provisions of the Petroleum (Onshore) Act (Act) until an access arrangement is negotiated or determined. Even when an access arrangement is determined, a landholder can deny access until the result of a review of the determined access arrangement in the Land and Environment Court, if the landholder remains aggrieved and makes an application for that review.
There is no “right to enter” within the Petroleum (Onshore) Act (Act) or the Mining Act of NSW [unlike in other jurisdictions e.g. Qld].

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2 A right to prospect is not a right to enter.

Section 69C of the Petroleum (Onshore) Act states a title holder cannot carry out prospecting operations except in accordance with an access arrangement with the landholder which is either agreed or determined.

If an access arrangement is not agreed, the title holder generally seeks that an arbitrator determine the access arrangement [see ss69E, 69F, 69G of the Act]. Sections 69L(1)(a) and 69N(2)(a) Petroleum (Onshore) Act make it clear that an arbitrator has the power to determine “whether or not” to grant access to the land.

It may be, as a simple and typical example, that the approved drilling is positioned within the "no go" zones set out in s72 of the Act [that is within the 200m zone, or 50m zone, or on an improvement] and the landholder does not give consent of the title holder to conduct the prospecting operations within that zone. These are circumstances where it is clear on the face of the Act that a landholder can deny access to a titleholder and an arbitrator would/should do the same.

The Walker Report refers to these as “no go zones” [the equivalent in the Mining Act is s31] and also speaks of instances where access should/can be denied.

The Brown v Coal Mines Australia [2010] NSWSC case also speaks of instances where access should be denied.

There are numerous other instances where access may be denied, for example, if prospecting operations are proposed within the zones protected in the SEPP (Mining Petroleum and Extractive Industries), the title holder does not have approval, the title holder is seeking to undertake prospecting operations outside the title area, or the prospecting operations are too close to a water body. In all these instances, a landholder can legitimately argue access should be denied.

I note IPART’s acceptance of this fundamental error. Yet I do not accept its proposed change or the manner in which it proposes to make that change. IPART has refused to put an addendum on its website alerting others of this error. It has proposed to make a change to the sentence some time later. I submit this continued deception of the landholder is unfathomable. It is also fundamental to a landholders bargaining position for compensation. A landholder needs to be provided with a clear and unbiased interpretation of the law, particularly by government bodies.

I submit this sentence in para 2.4 of the Issues Paper must be corrected. A landholder not only has a “general” right to deny access until an access arrangement is negotiated or determined. That landholder may also have a general right to deny access if its entire property is covered with improvements. If for example the entire property is cropped. As long as the landholder has reasonable grounds he may refuse access without sanction pursuant to the Act.

Compensation is defined as “something, typically money, awarded to someone as a recompense for loss, injury, or suffering”. The entire basis of IPART’s benchmark compensation rates then implies that landholders will experience harm, loss and negative impacts and NSW landholders currently have no legislative protection to refuse access for drilling and gas related infrastructure. It is nonsensical that the Government should be seeking to establish compensation benchmarks without first having regulatory frameworks and protections in place for landholders.
The NSW Government is yet to fully consider, review and implement all 16 recommendations of the NSW Chief Scientist, Professor Mary O’Kane, for all projects and licences, existing or proposed. Specifically, it is paramount that the Chief Scientist’s recommendations for an insurance and rehabilitation mechanism be implemented in full before further coal seam gas extraction is contemplated and before IPART’s advice is finalised as it has profound bearing on the calculation of compensation.

In addition, existing licences continue to be based on old regulations, codes and licence conditions. The community can have no confidence that the NSW Government has in place the most comprehensive and transparent regulatory controls for coal seam gas in the country unless ALL licences fall under the new codes and regulations, and that these rules are applied retrospectively to existing licences and existing expired licences.

The Inquiry is also silent on the important issue of who will ultimately be held responsible in the likely event of contamination arising from coal seam gas activities if a landholder is in receipt of compensation. If a landholder invites a gas company onto their property for the purposes of exploration and/or production, and in doing so they accept some form of compensation, they need to be aware of the legal implications of such an action. The landholder has willingly joined the chain of responsibility and, according to legal advice obtained by Meat and Livestock Australia (MLA), the landholder may still have primary liability in the event of contamination of the soil, pasture or groundwater, neighbouring properties, as well as livestock (and crops) which, if then processed and consumed, could breach Australian food standards or importing country requirements for meat. MLA also found that environmental regulatory authorities may exercise statutory powers to impose clean-up obligations on landholders if contamination occurs (2). On a personal note, our own insurance company, one of the largest rural insurers in Australia, have indicated they will NOT insure us against CSG contamination arising on our farm or from another farm, leaving us dangerously exposed.

It is also clear that matters concerning compensation are being discussed prematurely. You cannot develop a robust and meaningful compensation framework ahead of the regulatory and legislative controls that are needed to prevent the worst impacts of coal seam gas, and yet the NSW Government is continuing to push ahead with the coal seam gas industry, rolling it out across our farmland and our communities. It is simply not fair or reasonable for landholders’ to be negotiating compensation for damage with big coal seam gas companies that should have been prevented in the first instance by the NSW Government putting appropriate safeguards in place.

Compensation should start with landholders’ having the right to refuse access for any and all activities associated with coal seam gas exploration and production, including sub-surface activities, enshrined
in legislation. At present, landholders’ are ultimately powerless to refuse access to a gas company. Santos and AGL, together with the NSW Farmers, Cotton Australia and the NSW Irrigators Council, did sign an Agreed Principles of Land Access on 28 March 2014, however, this agreement only served to cover drilling activities, and not the extensive range of critical infrastructure such as gas and water pipelines which are essential to supply, and it has never actually been tested. Even the former Prime Minister, Tony Abbott has said that no one should be forced to have a gas well on their land (1) and the right to refuse access for all coal seam gas activity has been supported in recent days by Federal Nationals Leader, Warren Truss, Federal Rural Health Minister, Fiona Nash, and NSW Roads Minister, Duncan Gay. The fundamental basis for landholders’ entering into an agreement when they have no legal fall-back position – no right to say ‘no’ - completely undermines the ability to be able to reach a fair and equitable agreement and is a testament that the current system is broken.

Reference 4 - 2.11% Coverage

At the end of the day, landholders’ in North West NSW are not looking for monetary compensation but are seeking vigorous protections against the impacts of unconventional gas. There seems to be a misguided notion, including from the IPART, that money will solve all ills, when nothing could be further from the truth. No amount of money is worth the risks associated with this industry, which has proven to be highly destructive and highly invasive of agricultural land, the water resources and a risk to human health the world over. It has also created boom/bust towns, with documented large scale job losses, towns with hundreds of unsaleable houses, contractor insolvency, and so on. Money doesn’t compensate for water and air pollution, degradation of agricultural land, loss of amenity and landscape, loss of control over what happens on your property, mental stress and anguish, pain and suffering or your children and family being constantly ill.

Reference 5 - 1.20% Coverage

On 23 September 2015, AgForce in Queensland revealed that landholders’ believe that compensation has not matched the level of disruption or loss of value to their properties (2). In addition, the Hopeland Community Sustainability Group, a group of farmers in the centre of Queensland’s gas region, have also noted that the $200 million in “compensation” payments over five years to 2,200 landholders’ translates to an average of $18,000 a year, and in no way has this compensated for the pain, suffering and health impacts of coal seam gas (3).

Reference 6 - 2.68% Coverage

The IPART explicitly states “In the event that there is an environmental incident, there are legal processes and frameworks in place to manage compensation for loss suffered by affected landholders’. The loss suffered will depend on the individual circumstances of the case. It is outside the scope of our review to estimate compensation for such occurrences.” For the IPART to assert that landholders’, whose land, water, business and/or product has been negatively impacted as a result of a gas companies CSG activities, could take a case for damages or loss in common law is extremely naïve at best, and demonstrates a complete lack of understanding of the risks landholders’, their neighbours, and downstream water users, amongst others, are exposed to. It is also widely known that landholders’ are unable to mitigate the risk of coal seam gas contamination to their farms, businesses or product through the normal insurance mechanism (4); effectively, they are “ uninsurable”, dangerously exposed and ultimately, self-insured. It is the local landholders’ who will bear the burden of this industry, be that financially, emotionally, physically, and it is they who will be adversely impacted.

Reference 7 - 1.09% Coverage

There seems to be a real disconnect between compensation to landholders’ and ultimately the impact to our environment through coal seam gas exploration and production. The reality is that no matter what you pay a landholder, it will never cover the future risk liability related to the contamination of the aquifer or potential cancer clusters in 10/20/40 years or the investment required to somehow extract toxins out of the water before we have to use it (if such a thing were even possible).

Reference 8 - 4.22% Coverage
The IPART’s Compensation Model is very limited and very simplistic, instead preferring broad brush stroke valuations. The model appears to bundle compensation for a broad range of impacts into a single category. The model also assumes that all facets of a landholders’ life that will be impacted can be firstly, identified ahead of time, and secondly, that a monetary figure can be assigned to it. How is it possible to put a dollar figure on the following real life impacts which may include, but are not limited to, – □ Land and air contamination; □ Ground and surface water contamination and/or depressurisation; □ Health impacts; □ Damage to crops, property and buildings; □ Loss of land use; □ Impact to business operations; □ Loss of all current and future production earnings potential, particularly if water resources are compromised; □ Subsurface impacts; □ Costs of future possible water purification/osmosis systems that may need to be utilised in the future for drinking water and irrigations systems; □ Degradation of improvements made to soils and pastures, normally over a period of many years, if not generations;

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□ Loss of organic status due to proximity to coal seam gas infrastructure; □ The school bus having to have a pilot vehicle to negotiate the high traffic roads; □ The holding of a government media event about “co-existence” on your property without your knowledge;

□ The closing of the local school, sporting clubs and community groups due to the irregularity of FIFO working hours and nature of this type of workforce;

□ Not allowing your children to play outside at certain times because of dust and other impacts; □ An increase in living and business costs that go along with and have been proven in other areas from the construction phase of this industry; and

□ Mental health issues from living daily with this level of stress?

Reference 9 - 1.17% Coverage

On multiple occasions, including through the Narrabri Gas Project Community Consultative Committee (NGPCCC), Santos has been asked how, and to what extent, they have quantified the potential adverse impacts for the purposes of insurance, including some of those listed above, and they continue to be unwilling or unable to do so. If the gas company is unable to quantify these impacts, how is the average landholder to fare? How do you fit these, and many more, into “injurious affection” as a percentage of your land value?

Reference 10 - 1.31% Coverage

The Compensation Model is predicated on a “best case scenario” and doesn’t provide any consideration for who will cover and compensate for the risks that these developments pose to landholders’, their health, their production profitability, their land and water resources. As stated above, insurance companies will not cover the risk, the EPA will only step in for an environmental breach but not for loss of production – landholders’ still have to bear the full brunt of the risk of this industry not going to plan and that is unacceptable, and will not be tolerated by the broader population

Reference 11 - 2.46% Coverage

It is highly inappropriate to tie compensation, or lack thereof, for neighbours under this Draft Report to a so-called Regional Community Benefits Fund, which is still the subject of its own ongoing Discussion Paper. Page 15 of the Draft Report states that “royalty arrangements for neighbours would be affected over time by the Community Benefits Funds because every $2 paid into CBF is a $1 reduction in royalty payments, capped at 10%”. How can IPART be discussing and deciding on a compensation framework for landholders’ when the Regional Community Benefits Fund process is still outstanding, and so to how the ongoing deliberations will impact landholders’ and their neighbours? Any reference to a Community Benefits Fund should be excluded from the IPART Final Report as it is inconclusive how any such Community Benefits Fund will roll out and there is no evidence that neighbours will directly benefit. It is simply being used as an excuse by the IPART and the NSW Government for their ongoing failure to address neighbour impacts in any Compensation Model, which is disingenuous and highly discriminative.

Reference 12 - 1.83% Coverage
The assertion by the gas companies and their representative body that impacts on neighbours are already managed and regulated through environmental and planning approval processes is not what we are seeing play out on the ground, with Santos and their predecessor, Eastern Star Gas (of which Santos was a large shareholder), having a well-documented history of failures in our region over many years, with multiple known incidents of spills, leakages and environmental incidents, including the contamination of an aquifer with uranium and other heavy metals at 20 times safe drinking water levels. In any case, it is extremely concerning that these approvals could then be actively set aside to provide for impacts to exceed reasonable levels if the gas company enters into a written agreement with the affected landholder(s).

Reference 13 - 2.08% Coverage

Equally concerning is that neighbours will only potentially receive compensation where they can prove the companies’ have breached their EPA approval conditions; thus the onus is on them to monitor and prove these breaches, costing them time and money, together with mental stress and anguish. It is unreasonable to rely on neighbours to act as the policing body for impacts. Compensation should be paid to neighbours from the outset and a “relocation allowance” is sub-standard. For neighbouring landholders’ to be offered compensation to move for a period in the event that CSG operations exceed reasonable levels is tantamount to an acknowledgment and recognition of the unacceptable impacts of CSG extraction, and is itself unacceptable. Earlier this month, Queensland landholders’ were given just two days’ notice via text message of the need to relocate from their property due to the impacts of CSG drilling exceeding reasonable levels.

Reference 14 - 1.95% Coverage

The IPART Draft Report also notes on page 37 that neighbour impacts are taken into account under Voluntary Planning Agreements (VPA’s). Santos has been the lead operator in PEL238 since 2011 and, to date, there is no VPA in place with the Narrabri Shire Council in relation to Santos’ gas exploration and development activities that are currently taking place within the Shire.

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Furthermore, terminology that is open to interpretation must be specifically defined in each instance. For example, the Draft Report refers to “landholders’ reasonable costs being paid” and “that compensation should be paid to neighbours when impacts on them exceed reasonable levels”. What constitutes “reasonable” in each of these instances? Who determines what is reasonable? The gas companies? The landholder? The neighbouring landholder? What constitutes a neighbouring landholder?

Reference 15 - 0.61% Coverage

A mandatory, not voluntary, public register of compensation payments must be developed that allows landholders to anonymously provide information about their compensation. It should be expressly mandated that there are to be no confidentiality clauses in any Access Agreements.

Reference 16 - 3.13% Coverage

The IPART Draft Report refers to conduct as being just as important as compensation. Unfortunately, stories abound in the Queensland gasfields of inappropriate conduct from gas companies and their contractors. A prime example of this is the devastating news from Queensland earlier this month, which saw highly respected cotton farmer, George Bender, take his own life after years of bullying, intimidation and harassment at the hands of coal seam gas companies and the subsequent loss of his two water bores as a result of nearby coal seam gas operations. Not content with destroying his water, the gas company wanted to put 18 wells on George’s farm, a farm which had been in his family for 5 generations. Sadly, this is not the first suicide able to be attributed directly to the intense stress and mental anguish people are forced to confront at the hands of the coal seam gas industry, an industry that is really still only in its infancy. Other landholders’ also aired their concerns on ABC’s AM Program on 29 October 2015 (5).

This behaviour is not only confined to coal seam gas companies operating in Queensland, or to Origin Energy. On more than one occasion, I have, along with my young children, personally been subjected to bullying, intimidation and harassment at the hands of Santos right here in the Narrabri Shire. Santos has been unapologetic of their behaviour, which I believe speaks volumes.
BGAGAG would like to see the full implementation of the Chief Scientists recommendations and do not believe the necessary legislation, regulations and frameworks are in place to protect landholders, the community and environment from such a high risk industry.

Landholders do not have the legislated right to say no to coal seam gas activities and no legislation exists in production for an access agreement for petroleum in the Petroleum (Onshore) NSW 1991 Act.

No frameworks, codes or regulations or legislation for the produced water, brine and salt that results from the production of CSG.

Despite some companies signing a Memorandum of Understanding (MOU) not to enter landholders properties for CSG wells the principles in the MOU do not extend to critical infrastructure such as gas and water pipelines which are essential to supply.

Ensure that the IPART framework is used in all cases.

Ensure that processes are open and public. As far as can be done, while preserving privacy, ensure that the outcomes of previous deals are revealed to all parties. Forbid confidentiality clauses in contracts that do nothing for the landholder and a great deal for miners.

Make the right of landholders to refuse access law.

Duration of Compensation
Proposing that compensation is only payable during the production phase leads to two problems:
1) No compensation during exploration is inequitable, as landholders would probably suffer the loss or inconvenience during that time as during production. There is no reason why the framework cannot be applied during exploration as the miner would be conducting many of the same activities as during production with the same consequences.

Submission from Groundswell Gloucester Inc. Page 2 In the interests of brevity, and to allow bigger issues to be covered, we will leave comment on the exact formulation of the compensation framework to others.
2) If there is no compensation for consequences that extend after production ceases this leaves the landholder having the options to endure the problem or taking the miner to court which is another very unequal contest.
Indemnity for Contamination

Food contamination is not always detected at the time that it occurs. At present farmers must make a declaration concerning the history and management of cattle so that problems with food contamination can be traced and dealt with. Regardless of the source of contamination, the farmer is responsible for their National Vendor Declaration (NVD). Similarly, those growing produce have a responsibility to ensure the food they produce is not contaminated. Those farmers are in the difficult position that if there are CSG activities on their property, nearby or upstream they may know nothing about possible contamination.

It can be argued that it is not IPART’s responsibility to enforce environmental protection and monitoring but what happens if at some time in future it is discovered that pollution has occurred despite the best efforts of the agencies responsible? It is unrealistic to assume that environmental controls will be perfect so the possibility must be addressed at the time of negotiation for compensation. If the industry is as safe and low risk as the proponents claim then the miners should have no hesitation indemnifying farmers against future loss or prosecution over NVDs. Consideration of such indemnities should be part of the negotiation framework.

This is a difficult area. Compensation, or at least some type of insurance, should be available to provide for the integrity of a decommissioned well failing. Steel and concrete well plugs have failed previously in the Cooper Basin. We now find that Hydrogen Sulphide has been detected in AGL’s CSG wells at Gloucester. It is known that Hydrogen Sulphide can cause the corrosion of steel which could result in the plugging of the wells failing. The result could be the release of methane into the atmosphere, as well as the contamination of waterways, aquifers, wells and bores. This needs to be fully examined in order to plan for future compensation and/or remediation, the need for which may not become apparent for many years or even decades.

In addition to legislative provisions, it is also necessary to look at the common law, particularly in relation to the escape of contaminated water from one landholder’s property to another. The principles enunciated in the case of Rylands v Fletcher [1868] UKHL 1 House of Lords developed the "rule" that “the person who for his own purposes brings on his lands and collects and keeps there anything likely to do mischief if it escapes, must keep it in at his peril, and, if he does not do so, is prima facie answerable for all the damage which is the natural consequence of its escape”. Any compensation for a landholder must take into account this possibility and have a fair sum built in, or preferably an insurance policy or substantial fund, accessible by a landholder to cover such an eventuality.

In assessing compensation, it is agreed that it is appropriate to consider the heads of compensation for compulsory land acquisitions in NSW. However, it is impossible to produce generic estimates of damages due to diverse variation of property values across NSW, and within specific districts; and the site-specific negative impact of CSG infrastructure will also vary considerably.

The heads of compensation are well documented within the valuation profession. Section 55 of the NSW Land Acquisition (Just Terms Compensation) Act 1991, should be adapted and applied to the legislative provisions for CSG compensation in NSW. Independent Valuers should be consulted for individual assessments, with an expert panel being established.

In some cases, landholders should be given the option of acquisition of property in accordance with the NSW Land Acquisition (Just Terms Compensation) Act 1991, where appropriate.
Provision for ongoing or permanent impacts, and the future risk of impacts which may arise after decommissioning/remediation. CSG Companies should be accountable and contribute to a fund/insurance policy.

AGL has purchased some thousands of hectares of land in the Hunter Valley upon which it is conducting exploration activities. It may be that CSG explorers should be required to purchase land, as are coal mining companies.

Special value is recognised under Section 55 of the NSW Land Acquisition (Just Terms Compensation) Act 1991, and well documented within the valuation profession. There should be legislative support so that the item may be considered where special value applies.

In localities where CSG activity is either current, or under consideration, a stigma attached to the locality is created within a locality which manifests in a negative impact on the property market, and translates to extreme difficulty in selling property with protracted selling periods and reduced values. Depending on specific circumstances, the impact could be long lasting, and have severe financial and social consequences.

‘Loss of opportunity to make planned improvements on the land’ is a far broader issue than simply compensating individual property owners where CSG production is proposed.

For example, the land may be a commercial vineyard or orchard or have any agricultural pursuit or business operating on it. That land may be on the edge of a Critical Industry Cluster exclusion zone. If CSG exploration commences on a neighbouring parcel of land which is not within an exclusion zone, the value of the neighbouring land within the Cluster could well be reduced.

We do note in the issues paper that the NSW Valuer General found that “no impact on land values was evident, this was based on a small number of property sales transactions and the report noted that this limits the conclusions from the study.” However in Queensland the Valuer General for that State reduced the value of CSG affected land by 12%. Anecdotally, in Queensland it has become impossible to sell affected farms thus rendering them worthless as a nest egg for the future of the farmers.

Landowners on land directly or indirectly affected by CSG activity would be loath to invest in the improvement of their land or in the future of their business without being certain that the investment would not give them a return.

There is a significant ‘loss of opportunity’ to grow the land or grow the business on and from the land.

The HVPA undertook its own survey amongst members in the Singleton region, and in summary, taking the NSW Valuer General’s own assessments within the Shire and comparing such to land with CSG Exploration areas it was found property within the Shire had increased by an average of 12% with property subject to CSG exploration activity had declined an average of 6% i.e. an effective decline of 18% for the same given period for CSG impacted properties.

It is agreed that NSW legislative provisions for landholder compensation for gas exploration and production should be broadened so that all landholders impacted (directly or indirectly) by CSG activity will be no worse off as a result of that activity. The NSW Mining and NSW Petroleum Acts provide limited rights for compensation. The ‘Halfpenny Investments’ case highlights the inadequacy of the current legislation and the method


Reference 13 - 1.47% Coverage

The Queensland Petroleum and Gas (Production and Safety) Act 2004 replaced the Queensland Petroleum Act 1923 (which had similar compensation provisions to the NSW Petroleum (Onshore) Act 1991). The legislation now provides at 532 (4) for (a), (ii) diminution of its value; (iii) diminution of the use made or that may be made of the land or any improvement on it. This terminology includes loss in value to the balance lands.

The available options appear to be either adopt legislation to mirror the compensation provisions of the Queensland Petroleum and Gas (Production and Safety) Act 2004; or amend the Petroleum (Onshore) Act 1991 to provide compensation under the provisions of the NSW Land Acquisition (Just Terms Compensation) Act 1991.

Reference 14 - 3.85% Coverage

It is agreed that to landholders who host CSG activities and their neighbours who are directly affected should be compensated. The interpretation of the extent and degree of affectation is the question, as the amenity of localities and the property market is affected by the CSG activity. The stigma, and subsequent impact on the property market, as indicated previously in Question 4. The issues of exclusion zones, Critical Industry Clusters, buffer zones, and broader acquisition policies need to be addressed.

The reference to “neighbours” must be widely interpreted. It should not be restricted to those landholders whose land is physically adjacent to the land upon which CSG activity is being hosted, but must include all “neighbours” who may be affected by the CSG activity.

A “neighbour” would include: those whose land abuts the hosting land; those whose land is impacted by scenic amenity; those whose land shares underground water and fresh water aquifers; those whose land shares above ground water; those who share similar business enterprises on their land, for example those whose businesses make up a Critical Industry Cluster; those whose land is impacted by pipelines running through or adjacent to their land.

“Directly affected” should also be subject of definition so that any affectation to the neighbouring property, no matter how far away and whether above or below ground, would be compensable. The above implies some level of co-existence which is not accepted by the HVPA or the Though-Bred Horse Breeding Industry in the Hunter Valley.

There is a need to define and implement exclusion zones for activities that are critical. This must include the Mining Industry along with the likes of Wine Tourism. The exclusion zones require a minimum 10km buffer line to adequately provide the necessary protection.

By undertaking the above the issue of financial compensation can be more structured defined and minimized.

Reference 1 - 2.91% Coverage

Furthermore, landholders in NSW have no legal right of veto over CSG exploration and production on their properties or adjoining properties. Our members do not want to enter into access agreements with the CSG industry, and believe that the necessary legislation, regulations and frameworks are not in place to protect them from such a high risk industry.

Reference 2 - 3.44% Coverage

They are being asked to accept a compensation process based on the premise that they will experience harm and negative impacts from the CSG industry, but the necessary measures are simply
not in place to protect them from harm in the first place. Our members have made it very clear to us that they want strict controls in place to prevent harm, in preference to being forced to accept harm and then compensated for it.

Reference 3 - 4.26% Coverage

Therefore, we see the process that is underway as being back-to-front: compensation benchmarks should be set once the legislative, regulatory frameworks and protections are in place for both exploration and production of coal seam gas. Otherwise, landholders may attempt or be misled into thinking the NSW Government has the necessary protocols in place, and therefore enter into access agreements that may lock in damaging CSG operations without appropriate state-wide legislation, regulations and safeguards in place.

Reference 4 - 2.73% Coverage

Our member groups have stressed to us very strongly that there is simply no way to compensate for harm to their water supplies, and that proceeding on the assumption that harm can be mitigated before proper attempts have been made to prevent it, is unacceptable to them given that their livelihoods and local environment is at stake.

Reference 5 - 2.99% Coverage

Similarly, the Chief Scientist’s recommendations for an insurance and rehabilitation mechanism have not been implemented, and they should be implemented in full before any further exploration or production of CSG is contemplated and before IPART’s advice is finalised as it they are matters that are likely to have a profound bearing on calculation of compensation.

Reference 1 - 5.43% Coverage

Landowners have no right of veto for the coal seam gas industry. The NSW Farmers Association has signed a MOU with two Coal Seam Gas (CSG) companies (AGL and SANTOS) which is only relevant to drilling operations and not for the invasive industrialisation of their land with other industry related infrastructure such as roads, pipelines, compressor stations and holding ponds associated with CSG.

Reference 2 - 3.27% Coverage

Members of MGPA are aligned with Lock The Gate that have surveyed three million hectares in NW NSW. 96.5% of landowners surveyed have said they do not want CSG. Therefore, the vast majority of landowners are not interested in compensation.

Reference 3 - 8.08% Coverage

The terms of reference only refer to compensation for infrastructure above the ground. The potential for damage with CSG is also below the ground and has been completely overlooked in the terms of reference.

5. We assert that IPART is not in a position to consider the implications of potential long term repercussions when considering compensation to landowners. For example, consideration of compensation cannot be calculated if aquifers are depleted or contaminated as this would be irreparable and potentially catastrophic for agricultural businesses and the environment in general.

Reference 4 - 5.76% Coverage

Most landowners rely on a sustainable supply of underground water and the effects of contamination or depletion may not become apparent for some time. SANTOS’ documents state that CSG will lead to a drawdown in aquifers, IPART must consider that compensation must adequately allow for the possibility that landowners may lose their underground water upon which they are totally reliant for the
viability of their business.

Reference 5 - 5.24% Coverage

It is not possible to compensate a family run farming or grazing operation that has operated successfully for generations and intend to do so ad infinitum if they are forced to suffer the impacts of this invasive industry. Compensation must cover the cost of an unknown number of generations of a family who may be precluded from continuing the business of producing food and fibre.

Reference 1 - 7.39% Coverage

Clearly IPART’s Draft Report is based on the premise that the CSG Industry and agricultural land use of any description can co-exist. This is simply not true and in fact The Mineral Resources Department document, “Effects of Land Use on Coal Resources”, prepared by the Coal Resources Development Committee in 1994, identifies the conflict between CSG and existing surface land use. A recent example of CSG not co-existing with agriculture is evident in Queensland where a legal precedent was set with the Court ruling that a CSG company had precluded landholders from conducting an extensive cattle grazing business in the most economically efficient manner because of the impost of CSG infrastructure and therefore were required to purchase these holdings.

Reference 2 - 3.39% Coverage

As has been identified there are absolutely no insurance companies that will insure agricultural landholders against the risks associated with the CSG industry and this exposes food and fibre producers to loss of status eg., organic or liability in the event of contamination of the food chain due to contamination of soil, water, plants or animals.

Reference 3 - 4.24% Coverage

Loss or contamination of underground water would result in the cessation of many agricultural enterprises. To date in Australia there is no known method of remediating a contaminated aquifer. To suggest that it is possible to compensate for such an event is absurd particularly as the timeframe of when the contamination is detected is unknown at the outset, ie. it may be days, weeks, months, years, decades, centuries etc. ...later.

Reference 4 - 6.76% Coverage

MGPA has always maintained the position that, as with Lock the Gate, the GasField Free surveys were conducted in such a manner that they will withstand any scrutiny as to their veracity. The area surveyed so far is in excess of 3,000,000 hectares in North West NSW with 96.5 % of agricultural landholders and rural communities stating they wish to be Gasfield Free and are not interested in any form of involvement in with CSG industry and will not participate in any way that might insinuate compliance or complacency so they can participate in any or all Class Actions against damages to their businesses . NB. Northern Cattle Producers vs Government over the Indonesian Live Cattle Export ban

Reference 1 - 13.12% Coverage

Therefore it is our organisation’s submission to IPART that there can be no adequate or appropriate compensation for every affected NSW landholder for the destruction of land, the poisoning of water, the ruination of human health and the theft of our children's futures that inevitably accompany unconventional gas exploration and production everywhere on Earth that this toxic industry has been allowed to operate.
Access agreements in general should consider varying circumstances, one size does not fit all therefore benchmarking will be ineffective. It may, however be useful to provide landowners and industry sample contracts with benchmarked pricing for a variety of situations, to give them an idea of what their agreement and compensation may look like. A booklet with suggested formula and keys for working out compensation may be a useful tool to help landowners formulate and manage their contracts.

We would like the legislation to clearly define who determines the quality of land. If this is regionally based on soil types or borders on a map what consideration is given to landholders who have made quantifiable improvements to their soil/pastures? We recommend an independent assessor for each new agreement.

We feel that compensation should be available to neighbours within a certain distance of a project (e.g. 2000m) and/or those sharing water supplies, road access or likely to experience impacts from CSG/coal activities. For example, people on a gravel road that see substantial increases in traffic which require a school bus to have a pilot vehicle or creates dust causing crop/pasture damage. Indirect neighbours experiencing impacts should have an avenue for compensation, best achieved by written agreement.

The proposal you have presented thus far is based on best case scenarios for a CSG/Coal development. We feel more consideration is necessary for when things go wrong e.g. breaches of agreement, accidents, future scientific findings, denegation of assets, etc. How will compensation be rated after these things occur and will they be adequately provided for in a legally binding way within a compensation agreement?

Agreements should consider continuous water testing, beginning prior to the initial point of drilling as a requirement to fulfil the needs for future compensation. Baseline results and ongoing assessments of quality including, ph, minerals, toxins and bacteria. If water becomes degraded what compensation will be available to landholders and how will it be formulated? Monitoring bores should be used for every well and at varying depths. All water testing results should be publicly available, included as an appendices in the legal agreement and be added to a government database for statistical analysis.

As well as water quality baselines and ongoing monitoring, soil, flora and fauna and individual health of those living near industry should be investigated, also with baselines results included as appendices in the legal agreement/compensation document.

Decommissioning agreements should stipulate the final expectations which would be assessed by an
independent body. Ongoing monitoring needs to be included for a post indefinite decommissioning term.

Reference 8 - 2.61% Coverage

Compensation needs to fully stipulate that it includes all infrastructure associated with Coal and CSG, such as power-lines, gas and water pipelines, quarries, borrow pits, gas processing and compressing stations, water treatment facilities, roads, accommodation support camps for staff, fuel storage areas, compressor stations, flare pits, ponds, fences etc. Photographs of examples of the proposed infrastructure should be provided during the negotiation period (with a size comparison next to it such as a person or vehicle) so that signatories know what to expect.

Reference 9 - 1.31% Coverage

Agreements between landowners, neighbours, councils, government and CSG/coal companies should all be fully transparent to reduce division in the community and disallow inequality. These agreements should have copies stored within a government department for future reference or analysis.

Reference 10 - 1.88% Coverage

It is our opinion that ultimately no compensation is worth the risks. The Santos exploratory operations in the Pilliga State forest have already contaminated an alluvial aquifer (by mobilising the natural Uranium in the soil) and soils, with numerous planning and implementation mistakes. Santos then failed to disclose these issues. For these reasons we feel landholders should have the right to deny access.

Reference 1 - 1.01% Coverage

We also believe that there is a fundamental flaw to the discussion about compensation when landholders have no right to say no to CSG companies. No equitable agreement can be reached when the balance of power lies so strongly to one side of the parties and the other side simply has no rights. This imbalance will never allow for fair and equitable agreements to be reached.

Reference 2 - 1.35% Coverage

We assert that IPART should halt their proceedings until the Chief Scientist’s findings are fully resourced and implemented by the NSW government as promised prior to the election. Processes are continuing that are not in a logical order. The science for the health and environmental impacts of the industry must be concluded before processes for determining compensation to landholders.

Reference 3 - 1.42% Coverage

Money doesn’t compensate for loss of your control and your peaceful way of life or for the mental health impacts created by the industrialisation of farms. What we know from Queensland is that people’s lives are turned upside down by coal seam gas and that without the right to say no, and adequate legal protections, landholders will be the ones that lose. The recent and tragic suicide of George Bender is a clear and transparent message that the present system is broken and it is farmers who are bearing the brunt of this.

Reference 4 - 2.23% Coverage

Agreement Separate to Conditions of Approval It is inappropriate that landholders be expected to sign compensation agreements that stand completely separately to the conditions of approval of the development. How would a landholder be expected to know what the likely impacts are that they should be pre-emptively seeking compensation for when they do not know what is acceptable or
unacceptable from the regulatory

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authorities’ perspective? It is even more inappropriate for neighbours to have to prove that the impacts that they receive are beyond “reasonable” when they may have no knowledge to the approved conditions. These two processes need to be much closer together in order for either side to be effective.

Reference 5 - 4.65% Coverage

Confidentiality Creates Division We insist that companies are not allowed to include confidentiality clauses in their agreement and that the provision of data to the database managed by NSW Farmers is compulsory. We do not want the community-dividing and individual isolating outcomes that have happened in Queensland to happen here. Access Agreements must be open and transparent.

The GISERA report from 2014 stated: “Farmers in the eastern parts of the study area have also started negotiating as farmer collectives rather than individuals. Whilst these changes in the approaches by farmers, and the response by CSG companies in encouraging them, are seen by farmers as a positive development, the discussion groups suggested that there is still much improvement to be made in the way that the negotiation processes take place.

Workshop participants relayed many stories of bad experiences with contractors who had allowed stock to escape, lost keys to gates, frightened livestock such that animals had injured themselves, left rubbish on a farm, or had acted inappropriately. Whilst contractors may only interact with a farmer once, and therefore could possibly not value the relationship with the farmer, they are seen as operating for the CSG company and so can heavily impact farmers’ perceptions of the company. The large number of contractors and the similarly large and regularly changing number of CSG company staff was a source of frustration for farmers who were trying to maintain a suitable level of management and control over their farm.”

The inclusion of confidentiality clauses will make cooperation between landholders in negotiating impossible, leaving them personally exposed and vulnerable.

Reference 6 - 9.08% Coverage

Neighbours Left Out

The IPART Guidelines suggest that neighbours will only receive compensation where they can prove “reasonable impacts” have occurred. Firstly what is “reasonable” and who determines this? Secondly the onus is on the neighbours to police and prove these, costing them time and money. This is preposterous and neighbours must be adequately compensated from the outset.

Page 37 notes that neighbour impacts are also taken into account under development approval VPA’s, we know that Santos has been operating Exploration holes for many years in the Pilliga and have no VPA in place. They presently deteriorate roads and community infrastructure with no formal agreement with local government to compensate this. Ultimately, once again, neighbours will suffer the negative impacts with no protections or compensation.

Neighbours will be taken into account by being relocated when major works are occurring; we have recently seen media about John Jenkyn’s family receiving a text two days before they were to be moved out, when their son has high care needs and can’t simply be upped and moved within two days – companies are operating to the benefit of their shareholders meaning they always take the barely minimum legal requirement they have to fulfil which leaves families and communities to suffer.

The 2014 GISERA report also stated: “Whilst much discussion in the media has revolved around the impact of CSG infrastructure on the environment, traffic was clearly shown as the cause of many issues and that these issues impact on nearly all aspects of the farmers' lives. In a study of the Barnett Shale region of Texas (Theodori, 2009), “increased truck traffic” scored highest amongst 16 Farmer’s perceptions of coexistence between agriculture and large scale coal seam gas development respondents as an issue that was getting worse and six of the top twelve negative issues could be directly related to traffic. These concerns were echoed in surveys of local leaders in the same region in Texas (Andersen and Theodori, 2009) which showed large concerns for the volumes of traffic, largely due to water transportation for the well-fracturing process, which they felt posed a threat to other drivers. Those surveyed in that study felt that truck drivers failed to adhere to legal and customary precautions and
that this resulted in increased accidents, including fatalities. This traffic was also described as impacting on the local way of life and led to roads being damaged faster than they could be repaired. Light and noise pollution from round-the-clock drilling processes was also raised as a major concern in surveys in the Burnett Shale development of Texas (Andersen and Theodori, 2009) with road damage also a major issue for rural people (Brazier et al., 2011). It is clear that increased traffic during the rapid growth in CSG development is having similar impacts in the Surat Basin. Current efforts by farmers and companies to address these include the use of guidelines for acceptable traffic movements with vehicle monitoring systems to police on-farm traffic and vehicle wash down procedures to minimise the risk of weed seed spread."

Traffic will heavily impact neighbours and must be compensated for.

Reference 7 - 1.44% Coverage

Tax Implications It is not clearly spelt out the tax implications of receiving these compensation payments as this would be income that isn’t able to have deductions against it which could be significant for primary producers. This should be incorporated in the discussions so landholders can take this into account when considering the overall impact of the developments and compensation. The 2014 GISERA report also stated: “The taxation implications of such a change from compensation to partnership were a concern for some.”

Reference 8 - 1.73% Coverage

Water Value Not Considered The Namoi region has undergone significant water reforms in the last ten years. These reforms have caused significant impact to peoples’ businesses, causing some to go broke, others to completely readjust to the way they run their operation. These reforms have resulted in an extremely rigorous, highly scrutinised and now agreed-upon system. Therefore the value of the water that is now held is more valuable even than the dollar figure it can be sold for on the open market. This Guideline and suggested process goes no where near close to recognising the true value of water to landholders and their communities.

Reference 9 - 0.79% Coverage

Landholder Workshops Landholder workshops should incorporate a section on considering the impacts of the access agreement on your neighbours, your community and the planet. Workshops should have the latest news and information on hand to help farmers understand the true risks of the industry.

Reference 10 - 0.35% Coverage

Retrospection We recommend that compensation should be renegotiated and paid retrospectively to those who already have agreements.

Reference 1 - 1.76% Coverage

Compensation for neighbours CA in reading through the transcript from the Narrabri public forum and participating in the Gloucester public forum understands that there are strong views regarding compensation of neighbours. We recognise the challenges faced by IPART, particularly given the legal precedent this may establish for compensation payments. In recognition of this, CA is in broad agreement that compensation should be paid to neighbours where noise, light or other impacts exceed reasonable levels.

Reference 2 - 1.09% Coverage

While outside the terms of reference for IPART’s review, we wish to note that this highlights the importance of establishing a rigorous monitoring framework. A well established and transparent monitoring network provides communities with information and certainty that their land and water
Amendments to NSW legislation CA has reviewed the changes to legislation which have recently entered Parliament and are currently awaiting assent. We believe that the amendments to legislation (as relates to this study) do not address the current issues identified by IPART in relation to compensation payments.
CA supports the alignment of provisions for compensation in the Petroleum (Onshore) Act 1991 (NSW) and the Petroleum and Gas (Production and Safety) Act 2004 (Qld). As highlighted in our earlier submission the current legislative framework does not appropriately capture special value of land. That is, market value is not reflective of actual land value where parcels of land have good access to high quality land and water resources or where growers have invested significantly in soil amelioration and made significant overall improvements to farm layout and operation i.e. the development of continuous paddock structure that allows for greater efficiency in operation of machinery. We also believe that compensation should be made to account for future limitations on land value and use. Location of CSG infrastructure may restrict landholders ability to install new irrigation infrastructure such as centre pivots or lateral moves that place an upper limit future potential to improve irrigation efficiencies.
We additionally support the IPART recommendation that ‘reasonable costs’ should be covered rather than the establishment capped costs in recognition that a ‘one size fits all’ approach does not work in relation to landholder circumstances when developing a land access agreement.

We note that permanent impacts are accounted for in the valuation statements within the model.

Land access and negotiation workshops CA is supportive of forums whereby landholders can access advice on issues such as CSG operations in NSW, groundwater impacts, agencies responsible for monitoring and compliance, and advice on developing land access arrangements. We recognise that there is currently little information on CSG operations and changes within NSW Government policies filtering through to communities where CSG companies are undertaking exploration activities. The NSW Government / Federal Government / Industry has funded the GISERA initiative which aims to deliver community driven research. However we recognise that GISERA cannot meet the needs of landholders alone. GISERA may address issues such as groundwater impacts however we see that a gap remains around access arrangements and compensation considerations.
We support NSW Farmers taking the lead on this initiative given their broad membership base of agricultural landholders. CA would happily engage with NSW Farmers to provide advice and support for these workshops where possible.

Public register of compensation payments CA continue to support a voluntary, non-identifying, market based reporting mechanism for compensation payments.
CA believes that the reporting mechanism should remain with an independent government agency such as IPART rather a representative body or interest group, identified as NSW Farmers within the draft report. We would support a very brief annual factsheet should numbers permit this to occur.

Cotton Australia is concerned that developing a framework may establish a precedent for ‘factors’ to be considered when calculating suitable rates of compensation. We would see that this may become an issue during the arbitration process whereby there may be legal avenues that a proponent /
exploration company could take to indicate that all relevant compensation requirements had been considered— a position that could be in direct conflict with the opinion of the landholder. Cotton Australia understands that the proposed principles which aim to guide the recommendations of the review— transparency, adaptability and practicability— intend to cater for this flexibility that can capture different landholder circumstances. However we would want clear reassurance that the guidelines developed as part of the review process clearly cater for individual circumstances. We suggest that landholders might be more comfortable with a framework which outlines in general compensation terms what is compensable or not, but does not seek to set a rate on

Reference 2 - 0.92% Coverage

Within the existing legislation and compliance operations undertaken by Government departments it is unclear when issues of drawn down, changes to water quality and / or pressure occur, how quickly gas exploration activities will be stopped or placed on a temporary hold. Without reassurance, or based on the uncertainty around process to occur when a breach is identified, there is the potential for a material impact on water resources. In the event that this situation was to arise the changes to water security will significantly impact on land value.

Reference 3 - 1.00% Coverage

As mentioned in CA's response to the proceeding question, the location of CSG infrastructure on a landholders parcel of land may also restrict the ability of a landholder to install new irrigation infrastructure such as centre pivots or lateral moves. It may also impact on activities such as laser levelling of cotton fields in the event that the CSG infrastructure in located within the paddock. These restrictions will place severe limitations on the ongoing water efficiency of a farming operation and as such have implications for the long term profitability of competitiveness of a farming operation.

Reference 4 - 2.95% Coverage

The issues paper raises that landholders affect by noise or other impacts from gas exploration and production should receive fair compensation for these impacts. Cotton Australia agrees that those individuals who are impacts by CSG operations should be compensated. This includes those individuals who may experience reduced yields as a consequence of dust deposition, or suffer the impacts of increased levels of noise through increased vehicle movement and loss in visual amenity. Current provisions only allow for compensation to be paid to the landholder and do not account for impacts incurred by farm workers residing on the property, share farmers, other parties holding agistment rights over the land. Beyond this compensation payments do also not account for surrounding landholders and it is unclear as to how the impact radius of a petroleum development is determined. Additional questions remain regarding the timing of compensation payments, and whether impacts monitored by a petroleum exploration company may trigger a requirement compensation over time.
Consideration of special value of land and loss of opportunity to make planned improvements should be considered, however the extent to which there is any ‘special value’ of land or ‘loss of opportunity to make planned improvements on the land’, is dependent on the particular circumstances of the landholder and the proposed gas activities, and cannot therefore be predetermined.

Normally, negotiations between companies and landholders on conduct arrangements will cover any special value of land and loss of opportunity to make planned improvements. These discussions take place prior to the commencement of activity and companies provide mitigation strategies to counter impacts.

Reference 2 - 2.58% Coverage

Evidence suggests that there are no permanent impacts on the market value of land arising from hosting gas exploration and production.

For example, the NSW Valuer-General’s report Study on the impact of the Coal Seam Gas industry on land values in NSW released in February 2014, determined there was “no observable difference in the values of the comparable sales based on their distance from the CSG activity”1.

The Productivity Commission reiterates these findings in their April 2015 report Examining Barriers to More Efficient Gas Markets by saying “The Commission does not find onshore gas developments cause a decline in land prices”2.

The Queensland GasFields Commission has established a dialogue with the Queensland rural valuation industry to share information and discuss the impact of the gas industry on rural property values. The Commission believes there is insufficient evidence of a trend in rural property values as a result of the onshore gas industry3.

The Queensland State Valuation Office developed a Land Valuation Globe, an online tool providing annual statutory land valuation data for all Queensland properties. This tool provides independent land value transparency information for landholders. The development of a NSW equivalent to house exploration and production activity data may benefit both landholders and industry.

Reference 3 - 6.32% Coverage

We note that the Queensland Government commissioned an independent review of their land access framework under which gas companies and landholders operate. Following the review, the Government convened an implementation committee to oversee the policy development to implement the review’s findings. As part of this process, Sinclair Knight Merz (SKM) provided a report Review of Heads of Compensation for Land Access in Queensland4.

SKM undertook a comparative assessment of other jurisdictions including NSW, Western Australia, South Australia and Alberta (Canada) and found that Queensland has the most comprehensive heads of compensation for land access in Australia. APPEA supports alignment between NSW and Queensland on the heads of compensation.

SKM made the following observations regarding the heads of compensation:

- Nearly all stakeholders viewed the issue of lifestyle impacts (outside of visual amenity, noise, dust which are considered in compensation negotiations) being a result of the conduct of resource firm and the willingness/capacity of a landholder to articulate important lifestyle features. The majority of stakeholders agreed on several lifestyle impact points:
  1. Some (not all) landholders have to date and can be expected in future, to incur genuine disruption to their lifestyle as a result of advanced activities.
  2. Inclusion as a separate compensable effect without very clear definitions of what constitutes a lifestyle impact and without verifiable/robust property sales data will continue to create uncertainty. While it may provide the legislative certainty that lifestyle be considered in the determination of compensation, impacts may be difficult to quantify and audit, potentially increasing scope for gaming, disputes and delays – leaving all parties dissatisfied with the outcome.
  3. Improving the transparency and understanding of how gas firms and independent valuers presently take into account impact on property value should be a key priority. The uncertainty as what constitutes/is dealt with under head of compensation “diminution of value” is clouding the lifestyle impacts issue.
  4. Careful planning and design consideration so as to initially mitigate lifestyle impacts and secondly facilitate the return of the landholder’s personal enjoyment of their property (as quickly as possible) to a standard acceptable to the landholder.

5. No jurisdiction or other infrastructure/land use sector assessed has a separate compensable effect for lifestyle impacts where landholder’s access to land is temporarily limited/prevented (although this may be the case for many years).”

- The Queensland review process acknowledged the considerable progress made since the framework’s introduction. When introduced in 2010-11, about 1,800 land access agreements had been negotiated. In 2015 there are now close to 5,000 successful agreements in place.
- SKM found that the landholder/company negotiating practice is evolving naturally as parties become more educated and experienced.
- If heads of compensation are expanded, careful consideration should be given to how changes would be given effect. Any changes made to heads of compensation should be prospective only.

Reference 4 - 0.79% Coverage

- APPEA believes that secondary impacts on neighbours (such as noise and dust) should not be compensated under the land access compensation regime given that, as noted above, these are already regulated by government.
- Further, as a point of first principles, the land access compensation regime should relate only to land that is being accessed and not neighbouring properties (which by definition are not accessed).

Reference 1 - 3.81% Coverage

- APPEA agrees with IPART’s preliminary view that compensation should be limited to landholders who host gas activities on their properties. APPEA believes that secondary impacts on neighbours (such as noise and dust) should not be compensated under the land access compensation regime given that these are already regulated under other instruments.
- As stated in our submission, some of the impacts referred to in the issues paper (e.g. noise) are subject to additional and separate regulation (such as exploration licence title conditions), that require companies to mitigate impacts to a “satisfactory” level. Mitigating steps in this regard can include providing financial or in-kind compensation to an affected landholder and APPEA supports these provisions.
- However, requiring additional compensation under the land access regime for these same impacts would amount to double counting, and would establish an inconsistent approach between gas activities and other activities that may cause noise and dust disturbance, such as farming.

Reference 2 - 2.78% Coverage

- APPEA supports alignment with the Queensland heads of compensation, however we note that these do not explicitly include “special value of land”.
- Consideration of special value of land should be considered as part of the land access negotiation but this does not require an explicit legislative head of compensation.
- The extent to which there is any ‘special value’ of land is dependent on the particular circumstances of the landholder. It is standard practice for gas companies to negotiate any special value of land during discussions prior to a land access agreement being finalised or gas activity commencing. Gas companies will provide mitigating strategies to counter impacts of their activity as part of the agreement with the affected landholder.

Reference 3 - 2.91% Coverage

- APPEA supports the provision of high quality, objective advice and information to landholders on how to successfully complete a land access and compensation negotiation.
- We submit that successfully achieving this objective requires the entity providing the service undertakes this responsibility in an apolitical manner, and with the support of government and the industry to ensure the information presented is accurate in all respects.
- APPEA recommends this function be allocated to the NSW Land and Water Commissioner as the Commissioner was established to provide independent advice to landholders on gas activities.
- APPEA further submits that the activities, funding, and forward program for this project be reviewed annually to ensure it meets its objectives on an ongoing basis.
A voluntary and non-identifying public register may help inform those landholders who are considering a land access agreement. However, if property specific information and other circumstances which inform a property specific compensation value are not included it may lead to a misrepresentation of the compensation due.

We note that the industry does not require confidentiality from landholders and it is at the landholder’s discretion whether or not to disclose the specifics of a given agreement.

APPEA submits that the NSW Land and Water Commissioner or the Division of Resources and Energy would be better suited to manage a register given the Commissioner has been established to provide independent advice to landholders on gas activities.

NSW Farmers supports the principle that affected neighbours should also receive compensation, from loss of visual amenity, to noise and dust affects. Unfortunately, the policy settings, particularly with coal mining, do not pick up what occurs in practice and neighbours are affected but not compensated or even able to negotiate the mitigation of impacts.

NSW Farmers recommendation 3: Impacts on neighbours should be considered in the formulation of benchmark compensation rates

NSW Farmers submits that the ‘value of the land occupied’ needs to include the productive value, and not merely the amount of land and the market value. To take a simplistic example, where there is loss of access to land for grazing or cropping purposes, the amount of production that would normally be available to the landholder but for the CSG activity.

NSW Farmers recommends that value of land occupied includes market value (the rent payable for use of that land) plus the loss of productive value (the area that would otherwise be in production). We are aware that companies attempt to negotiate so as to avoid direct impacts on cropping or grazing activities, however it could still include compensation for loss of access to or convenience in accessing such areas of the landholding.

This head of compensation could be broadened to include special value, namely productive value, of land and loss of opportunity to make improvements on the land, a concept included in Queensland, Victorian and Tasmanian legislation.

NSW Farmers recommends that this value of the land occupied includes a special value of the land – the productive value, being an additional consideration to that of the market value.

Permanent impacts on landholders

As to the question raised in the IPART Issues Paper, whether there are permanent changes to the market value of the land as a result of CSG activities, NSW Farmers submits that in the absence of certain knowledge either way, it would be best for IPART to assume that there are long term impacts on the value of the land (negative) and to therefore set benchmark compensation accordingly.

Submission on Gas exploration and production compensation rates of CSG activities, expressed that the finding was based on a small number of transactions and so this limits the conclusions to be drawn from the study.

Given the strong community opposition to CSG as evidenced in many parts of NSW currently, there is a case for erring on the side of caution. Not only has there been limited amount of practical examples of which to take evidence of long term impact on land value, the coal seam gas industry faces a significant upward battle and the threat of ongoing stigma attached to the land is real. NSW Farmers recommends including long term permanent impacts to be included in the compensation considerations.

This could include as well, neighbouring lands who suffer a similar fate, if for example, they are connected to the same ground or surface water source, or are in close enough proximity to face the perception of run-off and contamination.

NSW Farmers recommendation 6: That a negative permanent impact be included in compensation calculations.

Given surface landholders generally have no proprietary rights to the subsurface mineral property rights, it is the view of API and SIBA any compensation regime cannot reasonably include an uplift from the value of the subsurface mineral property rights. Any compensation regime which were to include access to the worth of subsurface mineral property rights would necessarily require the recasting of the historic property rights milieu, a task which would be enormously difficult.

Nevertheless, compensation at s.107 Petroleum (Onshore) Act 1991 and s.141 (1) (f) Mining Act 1992 stand at a significant shortfall to s.55 Land Acquisition (Just Terms Compensation) Act 1991, which sets out the relevant matters in determining compensation as follows: (a) the market value of the land on the date of its acquisition, (b) any special value of the land to the person on the date of its acquisition, (c) any loss attributable to severance, (d) any loss attributable to disturbance, (e) solatium, (f) any increase or decrease in the value of any other land of the person at the date of acquisition which adjoins or is severed from the acquired land by reason of the carrying out of, or the proposal to carry out, the public purpose for which the land was acquired.

API and SIBA consider that the relevant heads of compensation should be those as set out at s.55 Land Acquisition (Just Terms Compensation) Act 1991.
of “temporary” access roads constructed at a standard greatly in excess to that ordinarily required on an agricultural holding represents a temporary impact which may have significant long lasting implications for the use of the property. The placing of gravel and other material on site to enable vehicular access to a mooted well site may remove permanently the land beneath from any future agricultural production.

Reference 5 - 0.52% Coverage

API and SIBA consider that these matters are adequately covered at s.55 Land Acquisition (Just Terms Compensation) Act 1991, and that any novel definition of ‘special value’ or ‘loss of opportunity to make planned improvements to the land’ (potentiality) would be a undesirable legislative and methodological construct.

Reference 6 - 1.34% Coverage

API and SIBA note that the presence of gas exploration production on a rural property could in some circumstances have a positive impact on the market value, especially where a well site is located away from arable land. The income gained by the surface landholder from a ground rent from the well site would constitute a passive income adding to the overall farm income. However where a number of wells are located on a property clearly the permanent impact involves just not the location of inappropriate access roads, possibly pumping stations and other surface facilities, but also the prospect of seismic instability. SIBA notes that subsurface wastewater injection in central Oklahoma since 2008 has arguably created seismic active areas9, and in the NSW milieu such an event would also represent a permanent impact.

Reference 7 - 0.23% Coverage

API and SIBA concur the current legislative provisions for landholder compensation should be broadened (see 2 Preliminary Comments overall).

Reference 8 - 0.52% Coverage

API and SIBA consider that settled property compensation law necessarily limits compensation to parties having an interest in a parcel of land which is impacted by gas exploration and/or production. Any extension of this principle to land not directly by the well site would represent a novel approach to compensation.

Reference 9 - 0.23% Coverage

API and SIBA consider the approach set out at s.55 Land Acquisition (Just Terms Compensation) Act 1991 is the only appropriate methodology.
as saying that I am not opposed to mining of any type or gas extraction provided it meets three principles: respect for their neighbours and the people in their area; respect for the environment; and respect for the laws of the land.

Reference 2 - 0.09% Coverage

MR PICKARD: I'll be brief on this one. In my remarks, I think I did make mention to the neighbour's compensation for noise, dust and light that you have listed in your 45 thing there. 46 47 I had a conversation with your CEO earlier on and a

Reference 3 - 0.32% Coverage

little later on I had a good four-hour conversation with 2 the gentleman on the end regarding this and other matters. 3 I can assure you that the noises that come out of the 4 companies are at night when everything out in the forest is 5 still and quiet. There were no metering devices referred 6 to in your recommendations. The companies have said, "We 7 don't make that much noise in our studies."

8 In 2009, Eastern Star Gas took the same line and was 10 forced by the Office of Coal Seam Gas, eventually, to do a 11 noise study on their drilling operation next door and it 12 was found to exceed the limits. Eastern Star Gas then 13 turned around and said, "Well, when you hear the noise and 14 you think that it's too much, we will then offer you 15 accommodation in the motel in town." Whoopie-doo! Okay? 16 Now, that's an example

Reference 4 - 0.44% Coverage

MS HUNTER: My name is Sally Hunter, for the Plains group. I'm with the People I guess we had a few concerns when 14 going through your guidelines. It feels like it continues 15 to be the landholders' responsibility to come up with these 16 things, to negotiate these agreements and then to enforce 17 these agreements, and the same goes for the neighbours. We 18 are very concerned that it is up to the neighbours 19 themselves to prove that conditions have been breached and 20 that the level of dust and noise is beyond what the 21 government has allowed. That falls back to the landholder 22 who lives next door, so then the onus to prove that falls 23 onto them, which is very concerning. 24

25 Again it falls back to the landholders to negotiate this agreement. Whilst you put in place a guide, as you 27 pointed out, no-one has to follow that. There is nothing 28 to say that anyone has to follow that; it's simply a guide. 29

30 Really, at the end of the day, it comes back to how well 31 landholders are able to negotiate and the skills that they 32 have or their abilities to access other skills, which 33

34 I think is a bit concerning for some landholders.

Reference 5 - 0.30% Coverage

The other part that I can bring my experience to is that, 35 as I understand from my friends in Queensland, there 36 is the issue of the time that it takes to police the access 37 agreements ongoing for years on end. I know landholders 38 39 implemented. That time burden is something that no 40 compensation can cover.

41 There has been media coverage in Queensland about 44 that compensation does not outweigh the 45 time involved and also that impost to your quality of life, let alone the loss of production from having to take that 47 time away. Thank you. .13/10/15

15 CSG BENCHMARK COMPENSATION Transcript produced by DTI
who spend their whole time chasing up and following around making sure that the conditions of the access agreement are

Reference 6 - 0.22% Coverage

MR CAMPBELL: Some were positive, some were negative. 31 Does that show a massive interest in the coal seam gas 32 industry here in Narrabri or a massive concern within the 33 community? I don't think it does. Maybe in Mullailey, they are 34 very much more anti than they are here in Narrabri. As a 35 businessman who works in the community every day, who is 36 associated with every facet of the community through the 37 nature of my business and through the nature of my interest 38 in this, there certainly is not the discord in the 39 community that some may say there is.

Reference 7 - 0.05% Coverage

Now, they are a neighbour. Santos has admitted they will affect them, so I think you should work out some sort of 4 compensation for them.

Reference 8 - 0.01% Coverage

They are neighbours, long distance,

Reference 9 - 0.21% Coverage

THE CHAIRMAN: Thank you, Hugh. Tony? 33 34 MR PICKARD: Getting back to the matters of compensation 35 again, I draw your attention to Santos's EPBC submission 36 I think in the year 2014. I know Mr Mitchley will have a 37 comment on this. As he says that we have to give the worst 38 case scenario. It says in there on page 65, in the last 39 paragraph: 40 41 The operations in the Pilliga State Forest 42 by dewatering the coal seam will - 43 44 affect the groundwater of the Gunnedah-Oxley Basin.

Reference 10 - 0.02% Coverage

but they are still neighbours of the operation.

Reference 11 - 0.08% Coverage

Now, 6 Mr Mitchley will tell you - and I am not going to dispute it; he has voiced it many times - "We have to give the 8 worst possible case scenario." That's true, but the word 9 "will" is most important

Reference 12 - 0.16% Coverage

MS HUNTER: Mr Boxall, I want to address a question to you 21 or maybe the secretariat. I wondered when you were 22 thinking through all this and the fact that there is no 23 ability for landholders to actually say no, how did that 24 figure in your thinking about compensation because 25 ultimately that's the only option that landholders have? 26 27 to? 28 29 30 So how does that influence the compensation that's agreed

Reference 13 - 0.44% Coverage

MR QUINCE: Regarding IPART's looking at this and looking at compensation, obviously this industry has the potential 7 to cause contamination which might affect the viability of 8 our livestock or our agricultural industry. It has been 9 recently brought to our attention that, as landholders, 10 there is no insurance product that we can get to indemnify ourselves against such effect. You might, under these 12 terms, perhaps enlighten us with regard to some sort of 13 insurance to protect our industries. 14 15 I would point out too that recently in the last couple 16 of years the state was affected or rather the whole of 17 Australia was affected by the Helix contamination, which 18 basically brought
our livestock and cattle industry to its knees. If this were to happen, and certainly there have already been instances where cattle or livestock have had access to affected water and they have turned up positive results at abattoirs and been condemned. If our overseas competitors or consumers get hold of that knowledge and run with it, I feel the same effect might happen to our livestock industries as occurred with Helix.

Reference 14 - 0.24% Coverage

MS HUNTER: Just in response to your comments and, thanks, Mr Boxall, I guess that base assumption that landholders would be no better off or no worse off than before coal seam gas comes onto their land is the concern, because you're really saying, "Dollars will overcome all problems with your life." For landholders, this is not a 9 to 5 job where they knock off and go home and walk away from this so they can use their money to fix up whatever issues they have with their life. Their life is entwined in the land. I think it's impossible to cover that with a dollar figure. So they will be worse off.

Reference 15 - 0.35% Coverage

MR QUINCE: You recently stated you were about compensation for landholders that might be affected by the coal seam gas industry so that they were no better off and no worse off than they were before the industry started. Just taking out the threat to the water or the land or the impost on their production while this is going on, we're talking about an industry that has a life span of 20, 25 years. Are you going to also make sure, that with regard to the extensive infrastructure - and if you have visited Queensland, certainly you would see the maze of pipelines, the maze of overhead high voltage power lines and all the other quite extensive infrastructure - that this industry needs, they are going to be made to tear it all down and take it away? As I understand it, the pipelines and the existing infrastructure are going to be left there as a reminder of what has happened.

Reference 16 - 0.17% Coverage

MS CIESIOLKA: I would like to make one comment. I'm concerned that you believe that money will solve all problems in this debate. The reality is if we destroy the 40 land and the water and the biodiversity upon which our very lives depend out here, then no amount of money will solve that problem. In the same way if we destroy an aquifer, no amount of money thrown at it at that point in time will change the outcome.

Reference 17 - 0.04% Coverage

MR BARRETT: Mr Chairman, to me this whole talk of compensation is analogous to something like a drug.

Reference 18 - 0.11% Coverage

addiction - take your money and get your hit and it provides instant relief. I understand that townspeople and the businesses in this town are suffering and they look at this as their salvation. Landholders in drought experience the same thing - take our hit and get our drug of choice.

Reference 19 - 0.06% Coverage

But let's look at what we are going to be left with after that. Look at West Virginia, look at Wales, look at the Hunter in post mining scenarios.

Reference 20 - 0.07% Coverage

With the United Nations saying 90 per cent of our fossil fuels need to be left in the ground to avoid catastrophic global warming, why are we even talking about tapping into this stuff.
and what is left and what sort of remediation is going on - 2 there was very little. The bonds that have been put up by 3 these companies, as has been stated by the experts recently 4 in the press, certainly don't pay for the full cost of this 5 sort of remediation.

When you have a look at this industry, and we only 8 have to have a look at America, there is a billion dollar 9 industry and that is the reparation for the coal seam gas

When we are holding up the tsunami of renewables in the 14 forms of energy so why are we even talking about CSG and 15 why are we even talking about compensation?

I know you 44 have referred to the remediation and the repatriation of the 45 mining industry, but, as has been highlighted in the press 46 lately, this certainly does not occur. Anybody who has to 47 drive through the Hunter can see the holes and the scarring

It is a billion dollar 11 industry. Who is going to pay for the reparation for these 12 coal seam gas wells? Although the companies like to think 13 that, after they close them down, they will last forever 14 and ever, that is just fanciful rubbish. They are an 15 engineered structure, and world experts on this issue have 16 stated they need constant attention and constant monitoring

MR PICKARD: I am harping on compensation a lot. Narrabri 22 Shire Council, to the best of my knowledge - I'm sure 23 Mr Meppem can help me on this one - does not have an access 24 agreement with Santos and did not have one with Eastern 25 Star Gas for the use of the land beside the roads. They 26 claim that they can't have an access agreement because of 27 the New South Wales government legislation that states that 28 pipelines fall in the same group; it's just the same as 29 anything else, therefore, it is a government thing. 30 31 Honestly, I think this needs to be looked at very 32 seriously and put into the right context. Maybe IPART 33 should look at checking up with the government and making 34 sure that Narrabri Shire Council is entitled to have an 35 access agreement and be given compensation not only for 36 future stuff but the past stuff. 37 38 There are pipelines on a number of council roads from 39 Leewood through to Wilga Park, and I think IPART should be 40 looking seriously at recommending altering any blocking 41 legislation that prevents Narrabri Shire Council from 42 having access agreements. Thank you

As far as the infrastructure goes, you're going to 43 need a compensation agreement for those people - that's if 44 they get that to go through. So one of the questions is: 45 is the industry going to be viable and will it go ahead if 46 only 4 per cent of the farmers agree to have it on their 47 properties?
limelight. Existing access agreements were brought up in
37 various submissions and IPART basically washed its hands of 38 it saying that it was not covered
in this particular 39 review.
40 41 42
I think IPART ought to reverse that decision and cover it in this review or at least recommend it,
because what it
43 then does is it enables the companies to renegotiate access 44 agreements with whomever they
want and give better deals 45 so. That again would put people on an uneven footing. 46 47 We gave
you an example where a previous company had

Reference 29 - 0.12% Coverage

negotiated the deal with a concern that there was virtually 2 no money. I believe IPART should look at
this and 3 recommend to the government that all access agreements - 4 both past present - be
brought up to a common level because 5 it does allow the gas companies to be selective in who they 6
look after. Thank you.

Reference 30 - 0.55% Coverage

THE CHAIRMAN: I think the distinction is if a
6 neighbouring farm, for example, would be impacted by the 7 drilling of the well and the various other
activities. 8 Obviously noise and dust are two obvious ones. There are 9 other things like visual
amenity and things like that. 10 That has been taken care of in our report because we have 11
addressed the issue of the compensation of neighbours. 12 13 14
Whether it has been addressed to everybody's satisfaction is another issue, but we have addressed it
and we have received varying views in the submissions.
15 16 The Community Benefits Fund gets more to the issues 17
that Alistair has been talking about. It is issues about
18 the fund making available funds to the community more 19 broadly, not just neighbours, so that is
the way we have 20 proceeded. 21 22 The thing is we were tasked to do this. The 23 government is
obviously operating on a number of fronts, 24 and you have outlined three or four things that they are
25 doing. They have asked us to do this and when we finish 26 and give them our report in November
they will then slot 27 that in with their other decisions. 28 29 MS HUNTER: So that particular reference
needs to be 30 removed because, in the guide, it doesn't say neighbourhood 31
impacts will be taken into account under the Community
32 Benefits Fund. 33 34 THE CHAIRMAN: Let's look at 35 that and make sure that the 36 distinction is
clear. Thanks for that.

Reference 31 - 0.09% Coverage

MS CIESIOLKA: Yes, thank you. You have just spoken about 45 impacts for neighbours that are
directly affected, but what 46 about landholders or downstream water users, who might
47 have their land and their water, their business, and potentially

Reference 32 - 0.95% Coverage

the product that comes off their farm, impacted as a result 2 of operations that may not necessarily
adjoin their 3 boundary fence? As landholders we are unable to mitigate 4 that particular issue through
insurance so we are left 5 dangerously exposed and there is absolutely nothing in the 6 IPART report
that addresses that issue. 7 8 MR SMITH: I would like to point out that there is a 9
1 open for compensation action to be taken against the gas 2
3 company. That is different from compensating a neighbour living next door who's exposed to dust and
disturbance,
4 noise, et cetera, during the construction and the following 5
production. But it is an important issue and we will give common law right for landholders to claim for
damages, for
10 any loss or damages, so that option is always open to a 11 landholder. 12 13 MR WATSON: But at
the expense of the landowner. 14 15 MS CIESIOLKA: That's not going to really work out 16 practically, though, by the time -17 18 THE CHAIRMAN: Sorry, not without a microphone. We will 19 come to you now, Sarah for a response, and then Alistair. 20 21 MS CIESIOLKA: I just wonder how that will play out on the 22 ground given that if your product is rejected at market 23 because of a potential contamination - essentially your 24 market is closed, your business is compromised - you're not 25 going to be in a position to potentially take a common law 26 case. 27 28 THE CHAIRMAN: Thanks for that. This is a very tricky 29 issue. So compensation for neighbours, which we discussed, 30 we have attempted to address that. This is an issue of, 31 for example, what happens if the CSG development and then 32 the following production ends up polluting water which goes 33 down the stream two farms down and impacts that farmer's 34 product; right? What happens when there is loss of market, 35 loss of product and things like that? As John Smith said, 36 that is an issue with regard to which that farmer would 37 have a right to take action against the gas company that 38 caused that. 39 40 You can't, in a sense, compensate in advance because 41 you don't know whether it is going to happen or not. Also 42 it's important to keep in mind that any gas exploration and 43 production is subject to various environmental and other 44 water permits, and a lot of these things need to be trashed 45 out before the actual licence is granted. However, in the 46 event that the licence is granted and there is something 47 like the hypothetical that you have outlined, then it is

Reference 33 - 0.28% Coverage

There is this real ebb and flow of business fortunes 38 particularly for those in the extractive industries but 39 also for those that are not related to the non-extractive 40 industries. How do we keep those businesses going that 41 can't pass on their cost of production? How do we help 42 them retain their employees? In a lot of cases, those 43 businesses are the ones who have spent the money on 44 training those employees only to have them head-hunted by 45 the extractive industry because they must have their 46 employees at any one time. Is there an opportunity for 47 compensation for those small businesses to survive what is 48 an extractive industry boom

Reference 34 - 0.27% Coverage

MR WATSON: Thank, Mr Chairman, and my apologies for 45 our property and discuss how those bores were drilled and 47 where those domestic bores are located. Clearly 99 per 49 cent or more of those would be in the alluvial aquifer 2 which sits above the coal seams and there is no interaction 3 between those levels, and he might even back me up on that. 4 I just feel that people might not understand that and that 5 really needs to be clarified and the information needs to 6 be corrected that has been presented today.

Reference 35 - 0.24% Coverage

That is not surprising, I suppose you would say, but 49 certainly the evidence in Queensland, where we have a 2 number of fields including around Roma, is that 3 co-existence does work, is valuable, and we have seen 4 landholders actually buying out other landholders so they 5 can work with us to put CSG facilities and infrastructure 6 on their property. I would point out also that that value 7 has been recognised by bankers and it is a way of 8 identifying and raising money if you're in the agriculture 9 industry to actually build and capitalise your properties.

Reference 36 - 0.62% Coverage

Can I turn to some of the questions about the 12 spreadsheet, to start with a negative one. I assure
any 13 landholder in New South Wales that Santos will never pay 14 lump sums. We have heard a lot of discussion this morning 15 about equity. To pay a lump sum payment on a property for 16 an activity that is going to take 20 to 30 years, in our 17 view, is inequitable. I suggest to the tribunal that the 18 outcome of that would be to see the landholder sell up and 19 move to the coast, the next landholder will move in and, 20 several generations later, our relationship would be 21 poisoned by the lack of compensation because a lump sum 22 payment had been paid, someone has won the lottery and 23 moved on. It is not our intention to do that. We intend 24 to pay on a regular basis over the full life of the 25 project. 26 In the same way we pay a service fee - a 30 grand 27 service fee - to each of our landholders on an annual 28 basis, we pay it on a monthly basis; we don't pay it as a 30 lump sum. It is about ensuring that there is equity across 31 the full term of the project, so it is very important that 32 I make it clear that a lump sum as a recommendation, if 33 IPART proceeds with that, is something we will not be 34 adopting in our arrangements here in New South Wales. It 35 is also something that has not worked in Queensland. 36

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37 There are a couple of other points I want to make 38 about the actual spreadsheet. With regard to the question 39 you raised about the impact of value, you have recognised 40 that it goes down. Does the spreadsheet recognise that the 41 value increases as the value of the property increases?

MR PICKARD:

Just on what you've said, Armon, I'd like to thank you for saying it. That explains now why my 5 neighbour offered me the same amount of money that Santos 6 did a few years ago, in August this year. I thank you for 7 clarifying that point. My neighbour wants to buy me out 8 and put gas wells on my property

MS MOODY: 

^ Annie moody from Santos in relation to your 32 point, Stuart, the Valuer General in Queensland has 33 obviously been doing quite a number of reports into 34 valuations of properties in the Western Downs and in the 35 Surat Basin. His last report was that coal seam gas wells 36 made no negligible difference to the value of a property. 37 38 There is anecdotal evidence that some properties 39 40 41 decrease in value; however, that is often in the case of the smaller lot landholders particularly around areas like Tara and Chinchilla. However, with the larger properties, 42 there is anecdotal evidence from quite a few of the real 43 estate agents, and from property sales up in that area, 44 that having a coal seam gas well with the agreed 45 infrastructure being on the property adds value to the 47 property. 

I will only speak in relation to the area north of 3 Roma. Santos does not have exploration licences in the 4 area around the Western Downs, Chinchilla and Tara, so most 5 of the property holders and landholders that we deal with 6 in our PEL areas have larger holdings and often more wells. 7 so there are significantly higher levels of compensation 8 than in those other areas. There is strong evidence that 9 they are often approached in relation to selling those 10 properties because there is pretty well guaranteed income 11 for the next 20 years.

I might add one other comment in relation to our 14 relationship with the landholders in and around that Roma 15 area. I often say - anyone who has probably heard me speak 16 will have heard me say this - that if we have a 17 relationship with the landholder for the next 20 years 18 where we are going on to that property, we know right from 19 the very beginning that we have to have a good relationship 20 with them. We wouldn't want to put the landholder under 21 the stress of having someone with whom they don't have a 22 good relationship coming on to their property at least a 23 couple of times a week when we have maintenance operators 24 coming in doing assessments. Also there is no way
that a 25 company like Santos would put their staff in a position where they were having to deal with a hostile landholder on a daily basis. So we enter our land access negotiations on that basis and if the landholder indicates that they are not interested, we walk away because it is not worth it.

Reference 41 - 0.21% Coverage

THE CHAIRMAN: On the spreadsheet, under "Residual land", 43(b), it says, "What is the estimated reduction" - it could be increased - "in the value of the residual land." If 6 you were contemplating negotiating a coal seam gas arrangement and there was concern about the impact on the 8 water, and hence on the productivity, which is the example 9 you've given, then you would expect that the value of the 10 land would go down and that would go into the model and it 11 would be taken into account in compensation. Jenny just 12 said, "That's right."

Reference 42 - 0.12% Coverage

MR QUINCE: I notice under 3(b) it says, "What is an estimated reduction in the value of the residual land due to injurious affection", and the figure there is 30 per 17 cent. If the water is obviously injured to the extent 18 where it takes it out of use, the value obviously would be 19 far more than 30 per cent.

Reference 43 - 0.08% Coverage

MR QUINCE: That may be the case, but if that injurious affection permanently removed your source of water so that 35 that would affect landholders for generations, what value would you put on it? It's incalculable.

Reference 44 - 0.15% Coverage

THE CHAIRMAN: Well, it can be calculated because if you 39 had a situation where you had no water, the value of your 40 land would go down substantially and it would only be 41 useful for very, very dry-land grazing, if that. The issue 42 here is the whole idea of this model is that you can put in 43 the numbers which are relevant to your circumstance. 44 That's why it's not a one-size-fits-all.

Reference 45 - 0.13% Coverage

The other thing in all this, of course, is that if you 43 have an agreement with Santos for services, they can also 44 tie you up to a sort of contract where you cannot release 45 to the public any material re access agreements. That one 46 you have to watch because they can say, "The contract is 47 with us therefore you've contracted for services therefore you can't release the information." That just throws NSW 2 Farmers, and what you have suggested there, straight out 3 the window.

Reference 46 - 0.05% Coverage

you can't release the information." That just throws NSW 2 Farmers, and what you have suggested there, straight out 3 the window.

Reference 47 - 0.06% Coverage

we worked out, like, roads and that. It's a straight-out 2 calculation. There is no reason for me to keep to 3 confidential because it is just a standard formula.

Reference 48 - 0.29% Coverage

MS MOODY: Tony, there are a couple of things. With the 29 services agreement, the primary services fee is actually 30 separate to the access agreement fee, so the compensation 31 fee. They are actually two separate payments, and they are 32 treated as two separate payments by us with the landholder. 33 The services fee is for undertaking minimal work, such as 34 spraying weeds, for the area utilised, which is us. 35 36 Let me reassure you that if there is significant road 37 maintenance to
be done on an area utilised by Santos, 38 Santos actually does that work. It is not landholder 39 responsibility. It is just the day-to-day basic maintenance. If we drove over a road after rain, or 41 whatever, it is our obligation to repair that, which we do.

Reference 49 - 0.11% Coverage

Another point I wanted to clarify is in relation to 44 confidentiality clauses in our agreements. Santos has a 45 model. It is quite clear what we pay. It is up on our 46 website. I can calculate through for anyone on their land 47 value exactly how much we would pay them for a site where

Reference 50 - 0.14% Coverage

Our land access agreements are very clear. The clause 6 says that Santos will keep this agreement confidential, but 7 there is no onus on the landholder to keep it confidential. 8 We are happy for them to be public about it, and most 9 landholders choose to retain confidentiality, but the onus 10 is only on us and not on the landholder, so I just wanted

Reference 51 - 0.22% Coverage

MR SMITH: The idea is that the compensation will continue 34 to be paid until the gas project is finished and the land 35 is rehabilitated to the satisfaction of the landholder. 36 37 MR PICKARD: At production rate or is that the -38 39 MS FLECK: Excuse me, but rehabilitated to the 40 satisfaction of the landholder perhaps doesn't start the 41 day after year 20 ceases.
42 43 MR SMITH: I agree, so we're saying that compensation 44 should continue until such time as the land is 45 rehabilitated to the satisfaction of the landholder. 46 47 MS FLECK: That could be a very long time.

Reference 52 - 0.37% Coverage

THE CHAIRMAN: I beg your pardon. Thank you. Let me try 30 that again. Sorry about that. 31 32 Armon mentioned that it's Santos's policy not to pay 33 lump sum payments and that's fair enough, that's their 34 policy. I am just interested in where you have a situation 35 if you negotiate, either using their model or our model or 36 any similar model, a stream of payments over, let's say, 37 20 years, then it's open for the landholder who negotiated 38 that with the gas company - whether it's Santos or anybody 39 else - to then sell the property and not only would they be 40 selling the property, they're also selling the right to 41 20 years of payments. I am just interested in how Santos 42 has been thinking through this position. 43 44 MR HICKS: Yes, we would concede that. We concede you're 45 correct, that essentially it is an annuity type income 46 stream, but it is tied to the activity and it is tied to 47 the property. The important principle is that any

Reference 53 - 0.24% Coverage

compensation needs to be paid and be linked to and tied to 2 our activities at that time on the property.
3 4 THE CHAIRMAN: So anybody who purchased the property 5 would then still have to, in effect, deal with you or any other 6 gas company for the next 19 years, for example? 7 8 MR HICKS: Yes. You can switch that around the other way, 9 with respect. There is no guarantee that Santos would be 10 the operator in 20 years time. We or any gas company, may 11 have consolidated and sold out to another gas company, so 12 that part of the assets will actually be those contracts 13 and those land access agreements that would be sold.

Reference 54 - 0.21% Coverage

MR QUINCE: On the point of view that obviously the 37 operation could be sold on to another company, I think this 38 highlights dramatically the supposed MOU that Santos and 39 AGL have with landholders. If the company is sold on, 40 obviously that MOU is useless. What is to stop the next 41 proponent then using the Petroleum (Onshore) Act so that 42 once they have access to one or two properties from 43
landholders that think it is a good idea from basically using the onshore petroleum laws to spread
willy-nilly all 45 over without landholder cooperation?

Reference 55 - 0.31% Coverage

MR QUINCE: Just with regard to what damage may, might or will happen to aquifers or underground water, as property owners and landholders, we have been advised that the only way we can verify this is with fairly extensive and 37 expensive water testing to all our existing bores and wells that we might have over a long period to the extent where it actually passes forensic water sampling. We're talking 40 here about costs of $3,500 to $5,000 per bore or per well. Now, to do that we need an ongoing history, a baseline, to conduct that on so that we have obviously a baseline so 43 that if any injurious event happens to our water, then we can obviously prove that the CSG has caused that. That is an impost that farmers and landholders at 47 present really, unless you're a big irrigator, cannot afford. Should not Santos, or all these gas companies, be made to provide income or moneys to landholders so that THE CHAIRMAN: Thanks, David. Annie, would you like to respond? 7 8 MS MOODY: David, again, this is speaking for Santos. I'm not speaking on behalf of all other operators in New South Wales. Santos has a commitment to testing landholder 12 bores. We do baseline bore monitoring for our landholders where we have operations and we will also do it for 13 neighbours, so that arrangement is already in place. We provide those results at our expense. Also just on the previous question in relation to legal costs that Peter asked, our agreements actually have 18 in there that we will pay all reasonable legal expenses in relation to assessing the landholder agreement prior to signing it. As a case in point, if there was an issue 21 after the agreement had been signed and the landholder wished to get legal advice in relation to that issue, we would also pay those costs to the reasonable level.

Reference 56 - 0.42% Coverage

THE CHAIRMAN: That is able to be done under item 4 in our spreadsheet.

Reference 57 - 0.03% Coverage

THE CHAIRMAN: Thanks very much for that, Sally. It is captured under "injurious affection" in 3(b), but we can give more thought and look at articulating it somewhat 5 more. If the value of your property goes down because of a drop in amenity and lifestyle and it is no longer so attractive and it will be worth less, therefore it would flow through the model, but we can look at making it more explicit.

Reference 58 - 0.16% Coverage

I want to have made known and answered now is: how is it possible to make an honest and full assessment of compensation when the offender refuses to undertake basic baseline testing and find out what was the situation prior to CSG coming to a community and what is the situation now under CSG? Baseline studies and continuing monitoring are 8 essential to the factual and unbiased assessment that is needed to make a valuation of compensation available to a landholder. Why does the CSG industry not undertake such work? The industry's answer generally is that it relates to the cost of monitoring. I feel the reason is the fear of the 15 results that may come forward. 16
would like the tribunal to explain fully how they can expect a full factual assessment of compensation and how that can be made without all the facts relating to what 20 the conditions were prior to CSG and what the conditions 21 are after CSG. To me that is essential for the valuation process 24 because you are attempting to value the change in value as 25 a result of CSG. To do that, you need to know what 26 physical changes have occurred to the land and the 27 implications of those changes.

**Reference 2 - 0.27% Coverage**

MR ROBERTSON: I don't think that covers the issues that 21 I am referring to. When I am saying "baseline assessment", 22 we want to know what the condition of the water is locally, 23 be it underground water or be it surface water. We want to 24 know what the condition of the environment is. We want to 25 know the health conditions of the people who live in that 26 community. We want to know the situations of the types of 27 families who live there.

**Reference 3 - 0.32% Coverage**

If you're in a lifestyle situation where people have 30 moved for what some people refer to as a tree change, this 31 varies from someone who is an actual farmer in the business 32 of agriculture. The baseline studies need to cover a whole 33 lot of issues, not just where they are going to put the 34 infrastructure that will impact on the landholder. There 35 are other things that need to be addressed. I think one of 36 the major issues here is the implications of CSG on the 37 mental health of those people who are impacted.

**Reference 4 - 0.50% Coverage**

MS MULLER: Just on that, you said it was recommendations 4 that were given for the landholders. So who were those 5 recommendations provided by? Was it AgForce or -6 7 MS TOWERS: It was a mix - AgForce and the GasFields 8 Commission. 9 10 MS MULLER: Okay, thank you. 11 12 MR SMITH: In terms of why the piecemeal approach, 13 I guess there is a piecemeal approach and a before and 14 after approach. Given that we were trying to 15 come up with 15 sort of an ex ante framework that landholders could use, we 16 felt the most useful way to do that is to put down the 17 types of things that you can get compensation for - the 18 heads of compensation - and sum them up, if you like. We 19 20 felt that was the most useful way of providing a model for landholders. 21 22 MR FRASER: I don't know whether now is the right time to 23 talk.

**Reference 5 - 0.06% Coverage**

I don't feel that the monitoring, should be done 47 in-house by the gas companies. I don't think it should be

**Reference 6 - 0.61% Coverage**

done by the EPA because I think the EPA is too controlled 2 by government interference and the EPA's track record and 3 lack of accountability has shown them to be quite a failure 4 in this regard. As a result of doing business, gas 5 companies should be required to pay for the monitoring and 6 for the baseline studies. I think that work should be done 7 by a completely independent body and not a government body 8 and not a body that is influenced by politicians and 9 political views. 10 11 MR HARMSTORF: Is there a body that you have in mind? 12 13 MR ROBERTSON: I was thinking of something along the 14 lines of a university or such. I believe that the University of 15 Queensland has a pretty reasonable track record in these 16 sorts of issues and I was thinking that they would be a 17 body that might be able to take such a step. I do think 18 that baseline and ongoing monitoring is a major 19 consideration that needs to be carried out to come to a 20 correct answer when we are dealing with compensation.

**Reference 7 - 0.07% Coverage**

With regard to the impact on neighbours, I don't think 23 enough work has been done to consider the
impact on 24 neighbours.

Reference 8 - 0.06% Coverage

When gas infrastructure is placed by a gas company on an adjoining property, drilling can be

undertaken and can impact on neighbours and they may even

27 go under the properties of neighbours. The gas pipelines which will go in may even impact on

neighbours as well.

Reference 10 - 0.31% Coverage

We are very concerned about the environment on our place. We are very careful with what we do

there. We are very careful of the fauna that is on our place. We take steps to manage that fauna

and not interfere with that 16 fauna, for example, with the design of our fences, the 17 provision of

water and the other things that we do to manage these things. We have had surveys conducted by

19 other bodies to identify the fauna on our property as well as the flora. We have a significant

attachment to that land.

Reference 11 - 0.40% Coverage

Also when we look at special value to the owners, I look at my aged in-laws and they're 88 and 89

years old. Both of them walk with walking frames and have serious trouble getting around. If we

have to move because of the implications of CSG and if we have to sell up, to accommodate them

there will be major issues as far as they are concerned as well. The fact is my mother-in-law

is a very serious gardening-type person and has spent a lot

31 of time on managing her gardens. That is not covering all

the special value issues that relate to my family, but

33 there are major issues that I can set out and provide in more detail.

Reference 12 - 0.19% Coverage

In Gloucester, it's a little bit more advanced. AGL has an extensive monitoring program already

underway before the project has even started. We have a very well-established groundwater

monitoring network that has been set up and that's one of the conditions for the approval that we

have, so we do

Reference 13 - 0.15% Coverage

MR SHAW: Ian Shaw, also from AGL. It is right throughout the northern part of the basin, in the main.

There are 45 ground water monitoring sites as well as surface water monitoring sites certainly

associated with the stage 1 project here.

Reference 14 - 0.27% Coverage

MS TOWERS: And are the results put in the public domain? Yes, they are, 29 to 50 groundwater

monitoring sites as well as surface water 20 monitoring sites certainly

associated with the stage 21 project here.

Reference 15 - 0.08% Coverage

MS MULLER: So it goes, once again, with the one-size-fits-all approach does not necessarily

work? Yes, that's right.