

## DRAFT CSG LANDHOLDER BENCHMARK COMPENSATION FRAMEWORK RELEASED

**22 September 2015**

The Independent Pricing and Regulatory Tribunal (IPART) is seeking feedback on a new model to assist landholders to assess compensation proposals from coal seam gas companies.

As part of the NSW Gas Plan, the NSW Government asked IPART to develop a framework for setting benchmark compensation rates as a guide for NSW landholders negotiating land access agreements with coal seam gas companies.

The review is looking solely at compensation benchmarks to be used as a guide for negotiations between landholders and gas companies. The granting of licences, environmental controls, extraction techniques and the impacts of gas development on local communities are outside the scope of IPART's review.

IPART Chairman Dr Peter Boxall said that rather than adopting a 'one-size-fits-all' approach to landholder compensation, IPART is proposing a bespoke model that allows landholders to estimate compensation benchmarks using information that is specific to their circumstances.

"Stakeholder feedback and our assessment of arrangements in other jurisdictions have shown that the appropriate level of compensation depends on the individual circumstances of the landholder and the proposed activities of the gas company – both of which are highly variable and site-specific," Dr Boxall said.

"As such, rather than setting dollar benchmarks, we are proposing a model that assists landholders to assess an offer of compensation made by a gas company in relation to their own circumstances, supplemented with professional advice as required."

"Landholders are in the best position to determine what compensation is appropriate for them, but the model would provide a guide to assist in their negotiations with gas companies," Dr Boxall said.

In addition to the benchmark model, IPART's *Draft Report into Landholder benchmark compensation rates* also recommends additional measures to support landholders in negotiating appropriate land access and compensation agreements. These include:

- ▼ broadening legislative provisions to ensure landholder compensation in NSW is at least as good as elsewhere in Australia
- ▼ funding negotiation workshops to provide landholders with independent, practical advice on approaching land access agreements, and
- ▼ establishing and maintaining a voluntary public register of compensation payments to improve transparency of dealings with the gas industry.

Feedback is also being sought on a draft recommendation that benefit or incentive payments to landholders should be funded by gas companies as part of their compensation arrangements.

“Stakeholders had different views about whether compensation should be paid to neighbours,” Dr Boxall said. “Since we released our Issues Paper in April, the NSW Government has released details about its Community Benefits Fund which is to provide benefits to neighbours and broader communities in which the gas industry operates.

“Our draft recommendation is that while any potentially impacted neighbours should be identified, compensation should only be required if there is agreement that impacts such as noise or operating hours may exceed reasonable levels set out in environmental or planning approvals.”

IPART is inviting submissions on the Draft Report by **30 October 2015**, with public forums scheduled for Narrabri (13 October) and Gloucester (20 October) where the community will have the opportunity to comment and ask questions on the Draft Report and recommendations.

The Draft Report and benchmark model, and details about how to make a submission or attend the public forums, are available at <<http://www.ipart.nsw.gov.au>>.

IPART will provide final recommendations to the Minister for Industry, Resources and Energy by the end of November 2015.

Media Contact: Julie Sheather 02 9290 8403 or 0409 514 643