

REVIEW COMMENCES INTO CSG LANDHOLDER COMPENSATION BENCHMARKS

20 April 2015

The Independent Pricing and Regulatory Tribunal (IPART) has released its proposed approach to developing benchmarks to assist landholders to negotiate the appropriate level of compensation with gas companies.

As part of the NSW Gas Plan, IPART has been asked to provide independent advice on compensation benchmarks for landholders negotiating with existing gas licence holders seeking access to their property. They would also provide a guide for landholders negotiating with gas companies in the event that the NSW Government freeze on new exploration licences is lifted in the future.

The *Landholder Benchmark Compensation Rates - Issues Paper* sets out the proposed approach for this review, identifies the issues on which stakeholder comment is being sought, and how stakeholders can provide input.

The review will look 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 the review will have regard to NSW Government intentions that landholders hosting gas exploration or production receive compensation that is at least as good as that received by other landholders in Australia.

"The review is looking at establishing fair and reasonable benchmark rates of compensation in circumstances where the landholder and the gas company are negotiating compensation for access to the land," Dr Boxall said.

"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."

Dr Boxall said specific stakeholder input is being sought on the relevant impacts for which landholders should receive compensation, approaches to valuing this compensation and the appropriateness of legislative provisions for compensation.

"Our goal is to develop an analytical framework for setting compensation benchmarks that can be updated annually, and serve as a guide for landholders when negotiating compensation arrangements with gas companies."

Submissions to the Issues Paper are due by 29 May 2015. Further submissions will be sought after a draft report is released in early September, with final recommendations to be made to the Minister for Industry, Resources and Energy by the end of November.

A copy of the Issues Paper and information about how to make submissions can be found on the IPART website www.ipart.nsw.gov.au.

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