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Date of submission: Monday, 26 October 2015

Submission: This is my submission on the Gloucester tribunal meeting, I will also supply a submission on the Narrabri meeting.

Chris

COMMENTS ON TRIBUNAL HEARING IN GLOUCESTER 20 OCT 2015

One of my concerns is that the tribunal is missing the most important issue with regards CSG compensation and that is that CSG impacts on the whole local community and not just the properties and neighbours that have CSG infrastructure on them or next to them.

What should be dictating the terms of compensation is;

1. Ensuring all of those impacted are put in a position where they are no worse off and no better off than they were prior to CSG. Fairness dictates the terms of compensation.
2. Before finally settling on the compensation package the Chief Scientists report must have all the appropriate recommendations in place. Fair compensation cannot be finalised until this is implemented because the outcomes and impacts of the recommendations will not be known.
3. The Community Benefit Fund must be finalised and the terms of that fund made public. This fund impacts on the level of compensation and is at the heart of any compensation payout, compensation determination before this is finalised is only doing half the job. True compensation can only be finalised once 2) and 3) (here and above) are included in the determination of the compensation package.
4. Mining viability and the financial viability of extraction are not part of the equation. Just because it is too costly to rehabilitate the land back to original condition and the possible cost of compensation would make a project not viable are not reasons to exclude certain impacts from being compensated.
5. Also consider the pre CSG cost of gas to NSW consumers and then consider the increased cost to NSW consumers once NSW gas is open to the international market. Should reserves of gas belonging to the people of NSW be held at the pre CSG cost and NSW people be given gas at the original lower cost level. Should all the people of NSW be compensated for the increased price of gas in the State because it is their gas?

I did mention at the tribunal that there was a property on the market at Lower Belford and when I was shopping last week I mentioned that I lived in Lower Belford. The lady in the shop said she was interested in and had made enquiries about a property in the same area I live in. We identified the property and she asked if I knew it and why it was for sale, we had some discussion about the property and I told her about the Lower Belford Residents Alliance and our fight against AGL's proposal for CSG exploration in our area, she was most concerned.

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.

My concern is that the tribunal is missing a major concern with regards CSG compensation and are very limited by the terms of the tribunal's brief which must be expanded to cover the full range of compensation issues that are presented by CSG extraction. That concern is that the intrusion of CSG in to a community adversely impacts on the whole of that community whether or not individual properties have CSG infrastructure on them or next to them. If CSG comes to my local community of Belford/Lower Belford then every property will have to put up with loss of amenity, noise, gas leakage, physical and health issues, loss of flora/fauna, contamination of our water resources (surface and sub surface) loss in value to our most substantial asset, our homes, loss of lifestyle, adverse impact on local government infrastructure and income, loss of population, reduction in local school numbers and many other issues.

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

Any compensation must be fair to all impacted and that means all landholders in the community and the local government authority so impacted.

In Queensland communities have been devastated by the CSG industry, I don't want this to happen in NSW. I don't see why landholders in a CSG impacted community have to suffer financial loss on the most valuable asset they are ever likely to own.

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.

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.

In relation to Mr Galway's comments pages 17/18;

- *He mentioned the buy back scheme but he failed to mention the reissue of PELs currently being undertaken by the government.*
- *The Hunter is an early exploration project...still trying to establish if there is a resource there- my comment is that AGL have been in my community for 3 to 4 years now and they haven't even establish if there is a resource? Absolutely ridiculous considering the impact it has had on the local community and shows what complete disregards the industry has for those people impacted by the gas companies' operations- consider that in your assessment of compensation.*
- *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.
- *"In terms of the broader community, AGL sees establishing some sort of Community Benefits Fund as an issue for the broader community, because we see the community as also being impacted by these projects especially during the construction phase. Probably not so much during the later parts of the project but during that construction phase, there will definitely be an impact on a community." – Another case of the CSG industry trying to influence government and dictate the terms of compensation to their own benefit as well as misleading with statements about "the later parts of the project". There are huge impacts in the latter parts of the project and beyond.*
 1. *The construction phases may well be the noisiest phase with more people and traffic but once extraction and fracking is introduced that is when other major issues arise, air quality, water, health, environment, properties values, lifestyles etc..*
 2. *The will be considerable impact on the community during construction and trying to dismiss later impact with the comment " Probably not so much during the later parts of the project" is completely dismissing the very serious on going issues which I consider are more important than noise and traffic; on top of those mentioned in 1) consider also the impact of fracked strata, reduced water tables, well integrity, gas leakage and remaining infrastructure such as well casings which do not have a lifetime guarantee.*
- *"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 Gallilee.

- “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 be 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.*
- Mr Fraser – “Someone seems to be grabbing hold of that (mental health) to make it a leverage for their purpose” – *I find this a disgraceful comment and typical of an industry trying to discredit legitimate concerns within the community, I have first hand experience to know that Mr Fraser’s statement is completely false. Remember George Bender, he thinks that the CSG industry would like this case to go away, you can’t get anything worse than what happened to George and Mr Fraser considers it “leverage”, just disgraceful and another example of the mining industry being very loose, carefree and misleading with their comments, mining industry is basically contrived “spin” designed to hide the true impacts of their industry.*
- 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.*
- “I think Santos starts with the landholder, the valuation from the Valuer General, because that is an objective thing. That is not exactly what the compensation arrives at, but that is an objective number that you can't argue with. It is not my valuer or your valuer, it's what the government said” – *Another example of an industry trying to mislead the tribunal and the landholder; to say a conservative rating valuation set at a base date is relevant for assessing compensation for the impacts of CSG utter garbage and completely irrelevant. It is a cheap attempt to reduce compensation by using a conservative, out of date irrelevant valuation. How many examples of mining industry “spin” does the tribunal need to see before they understand that this industry’s credibility when defending their industry is zero?*