Submission to the **IPART** Enquiry into Landholder Benchmark Compensation Rates in relation to Gas Exploration and Production in NSW

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Introduction

As a resident of the Stroud Gloucester Valley, where AGL is seeking approval to develop a 330 well Coal Seam Gas (CSG) field, I welcome this opportunity to make a submission to IPART on the issue of compensation in NSW for the injurious consequences of such developments, in general. I have also read the Submission prepared by Mr David Hare-Scott on behalf of Groundswell Gloucester Inc., and endorse his comments.

The Wider Context

The present referral should be viewed within the broader context of the State Government's commitment to develop NSW's rather limited CSG reserves, despite the ready and well attested availability of adequate supplies from interstate sources. Ignoring widespread opposition, the Government has gone to extraordinary lengths to sell its policy to the public.

Initiatives have included:

- The establishment of a special Office of Coal Seam Gas, which is nominally charged with oversight of the industry, but which in actuality hosts a website devoted principally to pro-CSG propaganda;

- Creation of the office of Land and Water Commissioner, charged with the task of *"Building community confidence in the processes governing exploration activities"* . The first appointee was a former President of the NSW Farmers Federation, whose principal activity to date has been to tour the State, presenting a reassuring water focussed slide show to rural communities.

- Commissioning a report from the NSW Chief Scientist and Engineer, selected supportive excerpts from which have been widely publicised ; and

- Producing "The NSW Gas Plan", a sixteen-page mounting oratorio devoted to the Government's good intentions in delivering a safe and sustainable 'onshore' gas industry in NSW, which, it is alleged, will bring downward pressure on prices, and secure affordable future gas supplies for households and industry, while protecting our precious water supplies.

Inter alia, the "Gas Plan" was at pains to emphasise that 'landholders' should be adequately compensated for intrusions by gas extractors, and that communities in general should also be able to share in the 'benefits' of gas exploration and production. This inducement, then, is the basis for the IPART referral.

The Present Referral

Specifically, Action 12 in the "Gas Plan" promised that landholders would receive independent and expert advice from IPART on "compensation rates for gas exploration and production", and made further reference to landholders being able to negotiate " . . . their share of the benefits."

There was no indication as to who might qualify as a 'landholder', nor was the elusive concept of 'economic benefits' further elaborated. An additional complication was introduced in Action 13, which made reference to a "Community Benefits Fund", again without further elaboration.

Whatever the underlying reality might be, one hardly need be a cynic to identify this as yet one more example of sugar-coating the Government's CSG agenda. It could also be viewed as a tacit acknowledgment that, in negotiations over the past few decades with both coal and gas developers, the odds have been heavily in favour of the resource exploiter.

Whatever IPART's response to the referral may be, it seems likely that the mere fact of the referral having been made to an independent and well respected and agency, and by the Premier in person, will be milked of its maximum publicity value, while only such recommendations as are acceptable to the CSG Industry will be put into effect..

Scope of the Enquiry

I have serious concerns regarding the narrow scope of the terms of reference, as reproduced in Appendix A of the Issues Paper (IP), and, to some extent, with IPART's interpretation of these.

Thus, while there are frequent references to communities at large being negatively affected by CSG exploration and production, the implication is that it is only farming properties which are to be considered, and then only if they are either actually 'hosting' CSG activities, or are "directly affected" by activity on a neighbouring property.

The relevant scenario as presented has thus been reduced (trivialised ?) to that of negotiating 'fair compensation' for a farm business whose operations have been adversely affected by the loss of use of some land surface, and the consequent loss of productive capacity, with, possibly, some additional compensation for intrusion and loss of privacy. These are mainly matters which are familiar in traditional valuation practice, with the addition of some input from agricultural economics.

Human Health

The "Gas Plan" (page 2) stated:

> *"In February 2013, NSW Chief Scientist and Engineer, Professor Mary O'Kane, was requested to conduct a comprehensive review of coal seam gas activities, focussing on the human health and environmental impacts."*

In fact, Professor O'Kane's report had little to say about human health, other than outlining how a community benchmark health study might be conducted. Furthermore, apart from one subsequent use of the term 'health' in relation to water quality, the above quote contains the only reference in the "Gas Plan" to either humans or their health.

Given the mounting body of evidence that proximity to CSG operations can have adverse health effects on humans (and other species), and relying on the invitation to have regard to "Any other matters it considers relevant", I request that IPART bring health concerns within the scope of its investigation, and recommend that:

(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 .

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, the land is being acquired by the Crown for a 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 IPART interpret the terms of reference within the wider context, and, while responding to the reasonable and practical request to establish compensation guidelines for farming businesses per se, does not leave it open to the Government to claim that all matters relating to immediate and long-term compensation have been addressed.

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