

IPART Review of Landholder Benchmark Compensation Rates for CSG Exploration and Production

28 May 2015

This opportunity to submit views is well appreciated thank you. As residents of PEL 462 and farmers in the Gilgandra Shire, I and my family are potential, unwitting stakeholders in the fledgling NSW unconventional coal seam gas (CSG) industry. On this basis I feel compelled to comment on this IPART review, as in future I may be forced to make use of its outcome. Unfortunately I do not have the time or resources to address your 76 page Issues Paper in detail.

Firstly this Review is based on the assumption that the effects of the CSG industry is compensable. I take issue with this assumption. To quote Page 26 in the Issues Paper "In our view, the 'appropriate' amount of compensation is one that makes the landholder no better or worse off than if the gas exploration and production had not occurred". The turmoil of living through the transformation of the Tooraweenah area into an industrial CSG site like those in the Surat Basin and then living in it for 20 plus years, simply cannot be monetarily compensated. Residents would be worse off regardless of any amount of compensation. It is understood that some do not appreciate or even believe this statement but it is true for many people. I do acknowledge that IPART aspires to greater than "even" for the financial outcomes to landholders, but that won't solve the fact that some items simply cannot be monetarily valued.

I have travelled to CSG areas of Queensland and discussed the circumstances in which local primary producers, co-existing with the CSG industry, find themselves. Their "compensation" payments (which vary greatly, and are generally only hinted about due to confidentiality clauses in access agreements which is eluded to in your issues paper) **in no way compensate** them for:

1. Water issues:
 - o Lowering water tables (to perhaps non-functioning levels)
 - o Contaminated bores
 - o "Produced" water spills and resulting environmental damage
2. Major disturbances to life amenity due to dust, sound and light pollution
3. Reduced control over daily farm management despite access agreements assuring consideration of same
4. Health issues arising from industry fallout (leaks from pipes, well heads, airborne pond evaporation products, flaring etc)
5. Lost time dealing with all the issues that a co-existing, enterprise which industrialises your previously rural landscape entails including; dealing with legal negotiations, timeline pressures for important decisions, bullying, adjudicating staff whose background and intentions you do not know who are wandering on you land etc.
6. Resultant mental health issues from preceding points. Anecdotally, suicides are rising in these areas - what price a life?

Note that this list is not exhaustive.

The Issues Paper does consider these types of impacts (with the glaring omission of health). The argument is, can just values be assigned to them? The values will be based on subjective assumptions and will vary wildly from economist to economist. How do you value a property denied its water supply and which is thus useless? It may result in the outright purchase of this land for the designated agreed value, if the owner is very fortunate. But its long term value is negligible and

taken to the next level, can Australia afford the outcome of reduced agricultural or habitable land through dewatering?

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.

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.

Section 5. No comment on the economic strategies proposed, as regardless of whatever means is used to calculate values, they are not relevant. The basic premise, that money fixes everything, **JUST IS NOT SO!** One small example - Relocation of residents during injurious times - who is looking after the livestock during these times? Are they impervious to these injurious impacts from which the humans are being protected? Should a lifetime of livestock breeding be sold off while the property is mined briefly?

No comment on benefit payments other than if the property owner has survived the metamorphosis from farmer to industrialist, he deserves to benefit from the spoils.

These comments may be read as a rejection of change or development. This is not so. The scale, cancer like spread and unknown potential damage (acknowledged in the Chief Scientist Mary O'Kane's report 2014) of this industry make it an exceptional case.

Consideration of the land owner is essential and is an improvement over some of the appalling scenarios that have gone before. This review therefore is to be encouraged to do the best it can to correct the cost imbalance borne by the landholder for the progression of the CSG industry. Perhaps when clearly quantified, the cost transfer back to the CSG industry will challenge the industry's viability.

In summary, while ever the tenet that "everyone has their price" pervades business and government, there will never be good decision making for the future of this country.

Ref: May I refer you to an article titled "**Spreadsheets of power**. How economic modelling is used to circumvent democracy and shut down debate" by Richard Denniss, an adjunct associate professor at the Crawford School of Economics and Government at the Australian National University:

<https://www.themonthly.com.au/issue/2015/april/1427806800/richard-denniss/spreadsheets-power>