



**Kevin
Anderson MP**
MEMBER FOR TAMWORTH ELECTORATE



29 September 2015

Independent Pricing and Regulatory Tribunal
PO Box K35
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TO WHOM IT MAY CONCERN

I welcome the draft report from the Independent Pricing and Regulatory Tribunal on Landholder benchmark compensation rates – Gas exploration and production in NSW – September 2015.

In NSW, anecdotal evidence suggests that the Gas industry has galloped ahead of regulation over the last few years and now the NSW Government finds itself in a difficult position of trying to gain control of the developing industry.

The NSW Government has made significant headway since 2011 and continues to do so, for example with the NSW Gas Plan.

However, in the Tamworth Electorate there remains a very high level of scepticism and mistrust from landholders towards gas companies, and a great deal needs to be done to provide an environment where parties can at least start negotiating on some sort of level playing field, should an approach be made.

I welcome the report's overarching view that a "one-size-fits all approach to compensation won't work". This is consistent with the view held by many of my communities in the Tamworth Electorate.

That approach is reflected by the report's draft recommendation of:

- *A spread sheet model that landholders can use to estimate compensation benchmarks using information that is specific to their circumstances.*
- *Draft recommendations on additional measures to support landholders in negotiating appropriate land access and compensation agreements.*

The key features of the compensation model are that it incorporates the four heads of compensation and is based on the 'piecemeal' valuation method;

1. *Includes compensation in the form of a rent payment for land occupied.*
2. *Severance and injurious affection.*
3. *Payments for landholder time, estimated costs of professional advice.*
4. *Incentive payments/production bonuses.*

Building a Better Region

While the model is welcomed and gives an excellent starting point and in some cases will define the process, it should not be the sole arbitration option on negotiations between a landholder and a gas company, it should only be used as a guide. The “one size does not fit all precedent” applies in this case, with landholders best placed to negotiate on their own unique conditions.

A very clear message from the Tamworth electorate is that the only way genuine trust and faith in the system and process would be achieved is through amendments made to legislation, and I note that the draft report recommends amendments to legislation to address the relevant impacts of gas exploration and production on landholders.

The draft report believes that the;

“The provisions for compensation in the Petroleum (Onshore) Act 1991 (NSW) (the Act) be amended to reflect those in the Queensland Petroleum and Gas (Production and Safety) Act 2004. These amendments will ensure legislation supports fair compensation for landholders and meets the NSW Government’s intent that landholders in NSW receive compensation that is at least as good as in other parts of Australia.”

I thank IPART for the opportunity to comment and commend the Tribunal members for their work on this very important issue regarding benchmark compensation arrangements for landholders hosting coal seam gas (CSG) exploration and production activities on their land.

Yours sincerely

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Member for Tamworth
Chair of the Legislative Assembly Committee on
Investment, Industry and Regional Development