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Landholder compensation review
Independent Pricing and Regulatory Tribunal
PO Box K35,
Haymarket Post Shop NSW 1240
May 24th, 2015

RE: The IPART Review of Landholder benchmark compensation rates

People for the Plains is a group of people from North West NSW, based around the town of Narrabri who are interested in transparent and factual information in regards to the CSG industry in our region. We host a range of events, some of which have attracted over 1,000 people and we maintain a database of over 400 people. We hold regular meetings to discuss the issues surrounding CSG and coal mining in our region.

We thank you for the opportunity to present here some of the comments and feedback from our members in regards to Landholder Compensation.

Access agreements in general should consider varying circumstances, one size does not fit all therefore benchmarking will be ineffective. It may, however be useful to provide landowners and industry sample contracts with benchmarked pricing for a variety of situations, to give them an idea of what their agreement and compensation may look like. A booklet with suggested formula and keys for working out compensation may be a useful tool to help landowners formulate and manage their contracts.
The wording of any recommendations/legislation that is to be used as a guideline for landowners should use plain English and terminology that is not specific to legal jargon, be clear, concise and unambiguous.

Agreements should include a definition and explanation of "industry best practice" as found in the letter from the Premier to IPART date stamped 9 Feb 2015. Landholder compensation arrangements must reflect the implementation of "industry best practice" and hold industry to this account.

We would like the legislation to clearly define who determines the quality of land. If this is regionally based on soil types or borders on a map what consideration is given to landholders who have made quantifiable improvements to their soil/pastures? We recommend an independent assessor for each new agreement.

In the past Eastern Star gas only paid 40% of the unimproved value of land which we feel is not sufficient. Landowners who are already contracted should be able to renegotiate their contracts under the terms of any new recommendations/guidelines that are legislated.

We feel that compensation should be available to neighbours within a certain distance of a project (e.g. 2000m) and/or those sharing water supplies, road access or likely to experience impacts from CSG/coal activities. For example, people on a gravel road that see substantial increases in traffic which require a school bus to have a pilot vehicle or creates dust causing crop/pasture damage. Indirect neighbours experiencing impacts should have an avenue for compensation, best achieved by written agreement.

The Valuer General's department assessment states 'no impact on land values was evident' but was based on only a small number of sales. Recent studies in America and would attest otherwise, showing that Concerns about groundwater risks associated with drilling "lead to a large and significant reduction in property values" and "Well drilling seems to have impacts on properties up to 2000 meters from a well". http://www.rff.org/RFF/Documents/RFF-DP-12-40-REV.pdf

The proposal you have presented thus far is based on best case scenarios for a CSG/Coal development. We feel more consideration is necessary for when things go wrong e.g. breaches of agreement, accidents, future scientific findings, denegation of assets, etc.
How will compensation be rated after these things occur and will they be adequately provided for in a legally binding way within a compensation agreement?
Compensation needs to also consider the loss of accreditation programs such as organic certification, EU registration, heritage or arts recognised projects and/or programs. These should be compensated based on the costs of obtaining/ beginning certification/program and the loss of income, land value or prestige over the long term, as a result of losing the accreditations/programs.
Can compensation be renegotiated as conditions or circumstances change?

Councils should also have their own compensation agreement with the company whereby the company will compensate for impacts on roads, garbage disposal, etc. Council should also be able to place stipulations on operation hours for flaring, noise etc,

Agreements should consider continuous water testing, beginning prior to the initial point of drilling as a requirement to fulfil the needs for future compensation. Baseline results and ongoing assessments of quality including, ph, minerals, toxins and bacteria. If water becomes degraded what compensation will be available to landholders and how will it be formulated? Monitoring bores should be used for every well and at varying depths. All water testing results should be publicly available, included as an appendices in the legal agreement and be added to a government database for statistical analysis.

As well as water quality baselines and ongoing monitoring, soil, flora and fauna and individual health of those living near industry should be investigated, also with baselines results included as appendices in the legal agreement/compensation document.

Decommissioning agreements should stipulate the final expectations which would be assessed by an independent body. Ongoing monitoring needs to be included for a post indefinite decommissioning term.

We are concerned about how benefit and compensation income is classified. Will benefits be classed as a second income and therefore 50% tax rate, or further primary production? Will compensation be taxed differently from benefits? It is imperative that this information is disclosed to landowners and the public before and during the consideration of contract details.

Benefit payments and compensation to landowners, neighbours and community should not be covered by royalties collected by the government. Taxpayers should not be footing the bill and supporting industry that ought to be viable without government intervention.

Compensation needs to fully stipulate that it includes all infrastructure associated with Coal and CSG, such as power-lines, gas and water pipelines, quarries, borrow pits, gas processing and compressing stations, water treatment facilities, roads, accommodation support camps for staff, fuel storage areas, compressor stations, flare pits, ponds, fences etc. Photographs of examples of the proposed infrastructure should be provided during the negotiation period (with a size comparison next to it such as a person or vehicle) so that signatories know what to expect.

Agreements between landowners, neighbours, councils, government and CSG/coal companies should all be fully transparent to reduce division in the community and disallow inequality. These agreements should have copies stored within a government department for future reference or analysis.

It is our opinion that ultimately no compensation is worth the risks. The Santos exploratory operations in the Pilliga State forest have already contaminated an alluvial aquifer (by mobilising the natural Uranium in the soil) and soils, with numerous planning and implementation mistakes. Santos then failed to disclose these issues. For these reasons we feel landholders should have the right to deny access.

In Summary, Compensation agreements should include:

- A definition and explanation of "industry best practice".
- Land use- amount of land used and/or affected multiplied by 100% of the independently assessed value of the land.
- Access to and from the property
- Infrastructure and maintenance
- Stipulations by landowner and further compensations for breaches of these requirements.eg. hrs of operation, roads to be used, gates to be shut etc.
- Baseline studies on water and soil should be carried out and provided prior to signing any Access Agreement and there should be ongoing monitoring and compensation for degradation over and beyond the life of any Agreement
- Baseline health assessments and ongoing examinations and compensation for ill health related to CSG should be carried out and provided prior to signing any Access Agreement and they should be ongoing.
- Compensation for reductions in land value on sale of land or at cease of agreement.
- Compensation for loss of organic farming certification or other income affects.
- Provision for transferral to a purchaser of the land in future at a rate comparable or higher than that existing (contract renegotiations) this also should apply if the Gas Company transfers ownership.
- Insurance of the contract/ cost of impacts beyond the term of the access agreement to ensure that compensation agreements remain funded.
- Compensation for amity, excessive dust, noise, light, smell and other lifestyle impacts.

- Benefit payments- pooled and shared equally amongst landowners, with some consideration to go to neighbours.
- Compensation for the costs of moving and secondary accommodation should air-quality, water, noise, flaring or ill health due to operations, make living on the property no longer feasible with possible consideration to purchase.
- Rehabilitation of land at cease of operation and compensation for land that remains unproductive.
- Access to the property for ongoing monitoring of water, air and well integrity after plugging/abandonment and compensation.
- Compensation of actual legal/advisory/costs.
- Livestock health and saleability compensation e.g. If livestock is found to have chemical contamination as a result of operations.
- Compensation for time spent with the company or company representatives and contractors.
- A schedule of payments- agreed payment at initial stages of development and annual payments including compensation/benefits. This should include possible insurance/compensation claim/s for unforseen future circumstance beyond the scope of production and decommission e.g. Subsidence
- Tax chart by which recipients of benefits/ compensation can see their full entitlements before and after tax. Access to an independent accountant should be provided and paid for by the industry, to properly assess the tax implications.
- Baseline assessments of water and soil quality, flora and fauna counts and individual health and wellbeing of residents near operations. Signed by both parties and attached to the legal agreement.
- Transparency- whereby government also keep a copy of the agreement.
- There should be no confidentiality clause within any agreement between industry and an individual landowner, neighbour or government entity.

Kind regards,

Sally Hunter BBus, President-People for the Plains