

**INDEPENDENT PRICING AND REGULATORY TRIBUNAL**

**LANDHOLDER BENCHMARK COMPENSATION FOR COAL SEAM GAS**

**Tribunal Members**

**Ms Catherine Jones, Chairperson**

**Members of the Secretariat**

**Mr Hugo Harmstorf, Ms Fiona Towers  
Mr John Smith, Ms Jenny Suh and Ms Yan Cheung**

**At Gloucester Country Club,  
4651 Bucketts Way, Gloucester**

**On Tuesday, 20 October 2015 at 9.30am .20/10/15 1  
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1 OPENING REMARKS

2  
3 THE CHAIRPERSON: Good morning, everyone. My name is  
4 Catherine Jones and I am a tribunal member at IPART.  
5 I would like to begin by acknowledging that this hearing is  
6 being held on the traditional lands of the Worimi people.  
7  
8 I would like to welcome everybody and thank you very  
9 much for taking the time to attend today's public forum.  
10 With me today is IPART's chief executive officer, Hugo  
11 Harmstorf, and members of our secretariat.  
12  
13 Today's public forum is about landholder compensation  
14 for coal seam gas. The New South Wales government has  
15 asked IPART to develop a framework for setting  
16 compensation benchmarks. The purpose of these benchmarks is to support  
17 New South Wales landholders in the event that they are  
18 negotiating a land access agreement with a gas company.  
19  
20 In New South Wales, both Santos and AGL have agreed  
21 they will not conduct gas drilling operations on a  
22 landholder's property if the landholder does not want them  
23 there.  
24  
25 The New South Wales government intends that New South  
26 Wales landholders receive compensation that is at least as  
27 good as other landholders in Australia and that New South  
28 Wales landholders share the benefits of gas development.  
29  
30 In April this year we released an issues paper as the  
31 first step in our review. We invited public comments on  
32 our proposed approach to recommending compensation  
33 benchmarks. We also outlined some preliminary views on a  
34 number of issues.  
35  
36 We received 28 submissions in response to our issues  
37 paper. These came from a broad range of stakeholders  
38 including landholders, gas companies, farming and gas  
39 industry bodies, the New South Wales government, and  
40 stakeholders who are opposed to gas development.  
41  
42 In addition to receiving these submissions, we held  
43 discussions with landholders, industry and advisory groups  
44 and government departments in New South Wales and  
45 Queensland. We heard from landowners with experience in  
46 land access and compensation negotiations. We also heard  
47 about the development of the gas industry in Queensland.

1  
2 We received a lot of constructive and useful  
3 information from our consultations. While views varied, a  
4 number of common themes emerged. The first is that a  
5 one-size-fits-all approach to landholder compensation will  
6 not work. The appropriate level of compensation depends on  
7 that landholder's individual activities, circumstances and  
8 the proposed activities of the gas company, both of which  
9 are highly variable and site-specific.  
10  
11 The second theme is that land access negotiations can  
12 be complex and landholders should get professional advice.  
13 We have taken this feedback on board in putting together  
14 our draft recommendations. These are set out in our draft  
15 report which we released last month.  
16  
17 Today's public forum is an important part of the  
18 tribunal's consultation process. It provides the  
19 opportunity for you to have your say on our draft  
20 recommendations before we make our final recommendations  
21 to the minister in November.  
22  
23 A key feature of our draft report is a spreadsheet  
24 model designed to allow landholders to estimate  
25 compensation benchmarks given their individual  
26 circumstances. To use the model, landholders will need to  
27 enter information about their property and the gas  
28 activities on their land. In most cases land valuation  
29 advice will be needed.  
30  
31 Our aim is that the compensation model will help  
32 landholders assess the reasonableness of a gas company's  
33 offer. We do not intend that the model replace the  
34 negotiation between the gas company and the landholder.  
35 Gas companies can continue to design their own  
36 compensation schemes and landholders are in the best position to  
37 determine what compensation is appropriate for them. We  
38 will be talking more about the model and our other draft  
39 recommendations later this morning.  
40  
41 While our review is about compensation for land  
42 access, stakeholders told us that getting a good outcome  
43 from a land access agreement is about more than just  
44 compensation. Conduct is just as important as  
45 compensation. Conduct arrangements in a land access  
46 agreement include determining the most suitable location of  
47 gas infrastructure, determining notice periods and times of

1 access. Landholders and gas companies need to take time to  
2 understand each other's business and work together to make  
3 the arrangements work for both sides.  
4  
5 We also heard from people who do not want coal seam  
6 gas in New South Wales. They consider it too risky to  
7 human health and the environment or that appropriate  
8 regulatory and legislative frameworks are not yet in place.  
9 Others commented that our review should consider  
10 compensation for when things go wrong.  
11  
12 These matters are outside the scope of our review.  
13 Our review is one part of the New South Wales government's  
14 policy framework for the gas industry set out in the New  
15 South Wales gas plan. There are a range of environmental  
16 protections in place, including that all coal seam gas  
17 activities are subject to environmental protection  
18 licences. New measures are also being implemented as part  
19 of the gas plan.  
20  
21 The New South Wales government is also consulting on a  
22 Community Benefits Fund which aims to ensure that  
23 communities in which the gas industry operates benefit from  
24 those activities through the funding of local projects in  
25 those communities.  
26  
27 Today's forum has two sessions. The first session  
28 provides an overview of our draft recommendations. The  
29 second session focuses on a compensation model including an  
30 example of how it works. There will be time after both  
31 sessions for comments and questions.  
32  
33 A transcriber is present today to report the  
34 proceedings. The transcript will be available on our  
35 website. So that we can have a complete record, please  
36 introduce yourselves when you start to speak.  
37  
38 We would now like to invite John Smith from IPART's  
39 secretariat to provide an overview of our draft  
40 recommendations.  
41  
42 SESSION ONE - OVERVIEW OF IPART'S DRAFT  
43 RECOMMENDATIONS  
44  
45 MR SMITH: Thank you, Chair. Before I start if anyone  
46 has trouble seeing the screen behind me, we do have  
47 handouts of this presentation at the door. If you need  
one, just put your hand up and Yan will bring one to you.

1  
2 Our first recommendation is that landholders use our  
3 compensation model in the event that they are assessing an  
4 offer of compensation from a gas company. Because there is  
5 no one-size-fits-all when it comes to compensation, we  
6 formed the view that dollar benchmarks or dollar ranges  
7 would not provide the best form of support for landholders.  
8 Instead we are recommending a compensation model that  
9 includes all the relevant impacts that landholders should  
10 receive compensation for - we refer to these as the heads  
11 of compensation - that takes into account landholders'  
12 individual circumstances; and that recognises independent  
13 valuation advice.  
14  
15 The compensation model is based on ideas from compulsory  
16 land acquisitions. If the government acquires part  
17 of your land for a public purpose - like for an easement or  
18 an electricity transmission line - then you are entitled to  
19 fair compensation. The heads of compensation for  
20 compulsory acquisitions are well-established and we think  
21 these can be applied to coal seam gas projects.  
22  
23 We think landholders should receive compensation for  
24 the value of land occupied by the gas company and the  
25 impact on the rest of the landholders' property or their  
26 residual land through are two impacts - severance and  
27 injurious affection.  
28  
29 Severance relates to the physical location of gas  
30 wells or access roads that might reduce the productivity of  
31 the remaining land. Injurious affection means all other  
32 impacts on residual land, and that can include nuisance,  
33 noise or loss of visual amenity. Lastly, disturbance  
34 includes the fees that landholders incur to get  
35 professional advice, payment for their time dealing with  
36 the gas company, and the costs of any damage, for example,  
37 damage to property or crops.  
38  
39 A qualified valuer would normally provide advice about  
40 land values and impacts from gas projects on residual land  
41 values. A valuer would undertake an on-ground survey to  
42 understand how the gas project would affect the landholder  
43 and would consider market sales evidence.  
44  
45 We will run through an examples of how to use the  
46 compensation model later today.  
47

1 So far we have been thinking about compensation so  
2 that landholders are no better or worse off as a result of  
3 a gas project. However, our terms of reference for this  
4 review ask that landholders share the benefits of gas  
5 production. In our compensation model, we have also  
6 included a benefit or incentive payment.  
7  
8 We are recommending that gas companies fund these  
9 payments themselves when a project reaches the production  
10 stage. We are not recommending that benefit payments be  
11 made from New South Wales government royalties, which  
12 was an option outlined in our issues paper. Both Santos and  
13 AGL include incentive payments as part of their overall  
14 compensation arrangements.  
15  
16 We also considered the issue of compensation for  
17 neighbours located near a gas project. Stakeholders had  
18 different views over whether neighbours should receive  
19 compensation.  
20  
21 Neighbours who are affected by a gas project need to  
22 be identified and the impacts on them managed to reasonable  
23 levels through environmental licences and planning  
24 approvals. In the event that impacts like noise or  
25 operating hours exceed reasonable levels, a written  
26 agreement needs to be in place. It is in these instances,  
27 where impacts exceed reasonable levels, that we recommend  
28 compensation be made to neighbours.  
29  
30 At a minimum, compensation would be the equivalent of  
31 an allowance to relocate during the period when impacts  
32 exceed reasonable levels. We understand that it is often  
33 not possible to physically relocate; however, in our view,  
34 a relocation allowance forms a minimum benchmark for  
35 compensation.  
36  
37 Our draft report includes other recommendations to  
38 support landholders. In our view, the legislative  
39 provisions for compensation should be broadened to include  
40 all relevant impacts on landholders and to support New  
41 South Wales landholders receiving compensation at least as  
42 good as other parts of Australia. We are recommending that  
43 legislation in New South Wales be brought in line with  
44 Queensland ensuring, for example, that impacts on residual  
45 land are included.  
46  
47 We are also recommending that the NSW Farmers

1 Association be funded to take on two key roles. The first  
2 is to run workshops to provide landholders with independent  
3 advice on how to approach negotiations for land access and  
4 compensation. The workshops run by AgForce in Queensland  
5 are well regarded by landholders and others in the gas  
6 industry. We think NSW Farmers is well placed to take on  
7 this role and has provided similar workshops in the past.  
8  
9 We also recommend that NSW Farmers host a voluntary  
10 non-identifying public register of compensation payments.  
11 As more landholders provide information, this will become a  
12 useful resource for others and will provide some  
13 transparency around compensation.  
14  
15 GENERAL Q&A  
16  
17 THE CHAIRPERSON: Thank you, John. I'll now invite  
18 questions or comments from around the room. Please  
19 identify yourself and your organisation for our  
20 transcriber. I ask that you allow speakers to complete  
21 their statements. There will be an opportunity for  
22 everyone to have their say.  
23  
24 Who would like to go first? Chris?  
25  
26 MR ROBERTSON: Yes, I am more than happy to.  
27  
28 THE CHAIRPERSON: Thank you.  
29  
30 MR ROBERTSON: My name is Chris Robertson. I am from  
31 Lower Belford in New South Wales in the Hunter Valley. My  
32 community is impacted by AGL's proposal for CSG in our  
33 area. My background is in public land management and real  
34 estate valuation and I have a rural property in the Lower  
35 Belford area that we use for equine operation. I was the  
36 initiator of the Lower Belford Residents Alliance, which we  
37 formed when AGL came to our community and told us they  
38 wanted to be there. I am impacted and it has had and will  
39 have a considerable impact on me and my family in the Lower  
40 Belford area.  
41  
42 I have a submission that I took from the comments that  
43 were made at Narrabri which I will email to the tribunal.  
44  
45 THE CHAIRPERSON: Thank you.  
46  
47 MR ROBERTSON: I will most probably comment again later

1 during the discussion, but one of the important things that  
2 I want to have made known and answered now is: how is it  
3 possible to make an honest and full assessment of  
4 compensation when the offender refuses to undertake basic  
5 baseline testing and find out what was the situation prior  
6 to CSG coming to a community and what is the situation now  
7 under CSG? Baseline studies and continuing monitoring are  
8 essential to the factual and unbiased assessment that is  
9 needed to make a valuation of compensation available to a  
10 landholder.

11 Why does the CSG industry not undertake such work?  
12 The industry's answer generally is that it relates to the  
13 cost of monitoring. I feel the reason is the fear of the  
14 results that may come forward.  
15

16 I would like the tribunal to explain fully how they  
17 can expect a full factual assessment of compensation and  
18 how that can be made without all the facts relating to what  
19 the conditions were prior to CSG and what the conditions  
20 are after CSG.  
21

22 To me that is essential for the valuation process  
23 because you are attempting to value the change in value as  
24 a result of CSG. To do that, you need to know what  
25 physical changes have occurred to the land and the  
26 implications of those changes.  
27

28 We must add to that the time scale in which this  
29 tribunal has to report and the fact that this report is to  
30 be finalised before the government implements the Chief  
31 Scientist's recommendations, or at least some of them, and  
32 that is critical to assess compensation. You need to know  
33 what this government is going to do with regard to the  
34 Chief Scientist's report and the recommendations in the  
35 report. Until you know what the government is going to do,  
36 you can't make a full assessment of what the implications  
37 to the landholder will be.  
38

39 Also the details of how the Community Benefits Fund  
40 will operate are not known at this stage. The final  
41 results on what the Community Benefits Fund will provide  
42 and how it will work are not known at this stage. That  
43 report will not be finalised by the time the tribunal makes  
44 its report. That is vital information to assess the  
45 compensation that will be available to the landholder.  
46  
47

1 Thank you. That's all for now. I will have more to  
2 say later.

3  
4 THE CHAIRPERSON: Thank you.

5  
6 MR SMITH: I have a couple of things to say, Chris.  
7 Firstly, relating to your point with regards to baseline  
8 assessments, in our report, we talked about the importance  
9 of conduct arrangements. Part of the good conduct, part of  
10 the work you do at the beginning of negotiation with the  
11 gas company before you get to talking about compensation is  
12 going through how are you going to work with the gas  
13 company, where will you locate wells and other  
14 infrastructure, how to minimise impacts on each other's  
15 business. I would say that part of that would be  
16 undertaking a baseline assessment, so we would agree that  
17 that's an important part of the process leading up to  
18 compensation.  
19

20 MR ROBERTSON: I don't think that covers the issues that  
21 I am referring to. When I am saying "baseline assessment",  
22 we want to know what the condition of the water is locally,  
23 be it underground water or be it surface water. We want to  
24 know what the condition of the environment is. We want to  
25 know the health conditions of the people who live in that  
26 community. We want to know the situations of the types of  
27 families who live there.  
28

29 If you're in a lifestyle situation where people have  
30 moved for what some people refer to as a tree change, this  
31 varies from someone who is an actual farmer in the business  
32 of agriculture. The baseline studies need to cover a whole  
33 lot of issues, not just where they are going to put the  
34 infrastructure that will impact on the landholder. There  
35 are other things that need to be addressed. I think one of  
36 the major issues here is the implications of CSG on the  
37 mental health of those people who are impacted.  
38

39 MR HARMSTORF: Thank you for giving us such a good  
40 start, Chris. We will probably not be able to answer all the  
41 questions from the table today. We are getting them all  
42 down and the tribunal will consider all of these.  
43

44 MR ROBERTSON: That is fine, no issue. Thanks, Hugo.  
45

46 MR HARMSTORF: Rather than trying to go through all of  
47 them right now, are there other questions on this topic if

1 we want to explore this for a while?  
2  
3 THE CHAIRPERSON: Who would like to speak next? Felicity?  
4  
5 MS MULLER: Felicity Muller, from Cotton Australia.  
6 I would like to thank IPART initially for taking on board  
7 a lot of the feedback that was presented through the  
8 landholders and various representative bodies that were  
9 spoken to.  
10  
11 We were quite encouraged to see that it was not a  
12 one-size-fits-all approach that was taken and we recognise  
13 IPART's constrictions and limitations on the study being  
14 that it's only to provide recommendations on compensation  
15 for landholders who wish CSG to progress on their land.  
16  
17 That being said, we wanted to ask and seek  
18 clarification around why the piecemeal valuation assessment  
19 was taken as the approach to assessment of valuation and we  
20 seek clarification around how landholders that were spoken  
21 to in Queensland were selected. We also would like to  
22 clarify what the processes are for incorporating the  
23 feedback from both this session and the session in  
24 Narrabri, going forward.  
25  
26 THE CHAIRPERSON: Thank you, Felicity. As far as the  
27 feedback, obviously last week in Narrabri and this week are  
28 very important to our deliberations, so we do record all  
29 the comments that are made today. As we consider the  
30 decisions in our final report, we do look at them and we  
31 try to answer all the comments that we have received as  
32 well as we can.  
33  
34 John, you may wish to comment on the Queensland  
35 landholders.  
36  
37 MR SMITH: We met a number of landholders in Queensland  
38 who were recommended to us. We also met with New South  
39 Wales landholders through referrals from Cotton Australia,  
40 as you know, and NSW Farmers.  
41  
42 We met with landholders who had quite mixed views  
43 about coal seam gas. They had positive and negative  
44 experiences. We felt we got quite a broad range of  
45 perspectives and all that information gets fed into our  
46 processes and decision-making.  
47

1 In terms of the question about the piecemeal --  
2  
3 MS MULLER: Just on that, you said it was recommendations  
4 that were given for the landholders. So who were those  
5 recommendations provided by? Was it AgForce or --  
6  
7 MS TOWERS: It was a mix - AgForce and the GasFields  
8 Commission.  
9  
10 MS MULLER: Okay, thank you.  
11  
12 MR SMITH: In terms of why the piecemeal approach,  
13 I guess there is a piecemeal approach and a before and  
14 after approach. Given that we were trying to come up with  
15 sort of an ex ante framework that landholders could use, we  
16 felt the most useful way to do that is to put down the  
17 types of things that you can get compensation for - the  
18 heads of compensation - and sum them up, if you like. We  
19 felt that was the most useful way of providing a model for  
20 landholders.  
21  
22 MR FRASER: I don't know whether now is the right time to  
23 talk.  
24  
25 THE CHAIRPERSON: Can you just say who you are, please.  
26 Can you just introduce yourself, please.  
27  
28 MR FRASER: I am sorry. My name is Lindsay Fraser and I'm  
29 a farmer. I'm a third-generation farmer. Last week I was  
30 involved in an interview - a second interview - with the  
31 University of New South Wales. It has been brought on here  
32 in Gloucester to get the views of the people in Gloucester  
33 on what they think about coal seam gas.  
34  
35 Last weekend, the two university interviewers asked me  
36 to get two farmers who are directly involved - that means  
37 that coal seam gas was on their farms. I did that. One  
38 was a beef farmer and one was a dairy farmer. Just  
39 listening to what they told these two girls, they couldn't  
40 be happier to have gas on their farms. They have been  
41 treated very well. If there was ever an issue, it was  
42 talked about and resolved in the farmer's interest.  
43 I think there are five farms directly involved in  
44 Gloucester and I have not heard a bad comment from one of  
45 them as yet.  
46  
47 I thought I'd put that in because it is a survey that

1 has been done by the University of New South Wales.  
2 I think the results will be released right at the end of  
3 the year, but I just feel that that's the feeling of the  
4 actual farmers in Gloucester.  
5  
6 MR HARMSTORF: Thank you.  
7  
8 THE CHAIRPERSON: Thank you, Lindsay. Who would like to  
9 say something? Would anybody else like to comment? David?  
10  
11 MR HARE-SCOTT: Do you want to stick to the compensation  
12 side or move on to community benefits side?  
13  
14 THE CHAIRPERSON: It's an open discussion. We are going  
15 to go and look at the model after morning tea, so if you  
16 would like to tell us your thoughts, please go ahead,  
17  
18 MR HARE-SCOTT: My name is David Hare-Scott. I represent  
19 Groundswell Gloucester, a community organisation. I have a  
20 question for Catherine and Hugo. Can you explain what your  
21 current thinking is on how the distribution of the proposed  
22 community benefits would work? Depending on what you  
23 say, I might have further questions.  
24  
25 MR HARMSTORF: Our review is just in relation to the  
26 actual landholder. The Community Benefits Fund is not  
27 within the scope of our report, but we are conscious it is  
28 there and it's on the table. The specific terms of  
29 reference that we have been asked are for us to set  
30 benchmarks for the compensation between the gas company,  
31 on the one hand, and the landholder, on the other. But if you  
32 put some thoughts or comments, this is an opportunity to  
33 put them on the record, so by all means let's hear them,  
34 please,  
35  
36 MR HARE-SCOTT: Not at the moment, thank you.  
37  
38 THE CHAIRPERSON: Would anybody else like to raise  
39 anything?  
40  
41 MR HARMSTORF: We also have some representatives from  
42 the industry here and if anyone wants to contribute,  
43 by all means. Now that the TV cameras have gone, it's  
44 perhaps a safer place to be frank. I am conscious that  
45 there are people here from the industry and if anyone wants  
46 to answer some of the questions, please jump in.  
47

1 MR ROBERTSON: I have more to say, Hugo, but I don't want  
2 to impinge on the other people, so when other people are  
3 finished, I have a bit more to say.  
4  
5 MR HARMSTORF: You're sitting front and centre. You have  
6 brought along a script.  
7  
8 THE CHAIRPERSON: You can go now, Chris. While other  
9 people are deciding what they want to say, you can go  
10 ahead.  
11  
12 MR ROBERTSON: Thank you. I took some notes from the  
13 Narrabri tribunal hearing that you had. I have some  
14 comments on what happened at Narrabri and I would like to  
15 ask you to answer some of those questions. It most  
16 probably will not cover all the things I've talked about,  
17 because I sent in quite a lengthy submission to the  
18 tribunal sometime ago, but these are additional comments  
19 and I will provide them.  
20  
21 There were comments made at the Narrabri hearing that  
22 landholders were in the best position to determine what  
23 compensation should be made appropriate for them. However,  
24 I consider that landholders are at a huge disadvantage, as  
25 was said up there in Narrabri, because we don't have the  
26 resources that gas companies have access to nor do we have  
27 the legal availability that they have. Financially we are  
28 at a considerable disadvantage. So I think there needs to  
29 be something in place there, and there is, but we are  
30 disadvantaged.  
31  
32 A comment was made up there in Narrabri about  
33 compensation for when things go wrong and it was said that  
34 this was outside the scope of the review. I think the  
35 scope of the review should be widened. I know it's most  
36 probably too late, but we have had instances where things  
37 have gone wrong and they do impact on compensation.  
38  
39 There have been a number of incidents, and we can take  
40 one at Broke, in the Hunter Valley, where I live. They had  
41 a water discharge over there. I think the fact that the  
42 scope of the review was limited was a mistake. It is a  
43 mistake not to include a look at failures of the gas  
44 industry.  
45  
46 I don't feel that the monitoring, should be done  
47 in-house by the gas companies. I don't think it should be

1 done by the EPA because I think the EPA is too controlled  
2 by government interference and the EPA's track record and  
3 lack of accountability has shown them to be quite a failure  
4 in this regard. As a result of doing business, gas  
5 companies should be required to pay for the monitoring and  
6 for the baseline studies. I think that work should be done  
7 by a completely independent body and not a government body  
8 and not a body that is influenced by politicians and  
9 political views.

10  
11 MR HARMSTORF: Is there a body that you have in mind?

12  
13 MR ROBERTSON: I was thinking of something along the  
14 lines of a university or such. I believe that the University of  
15 Queensland has a pretty reasonable track record in these  
16 sorts of issues and I was thinking that they would be a  
17 body that might be able to take such a step. I do think  
18 that baseline and ongoing monitoring is a major  
19 consideration that needs to be carried out to come to a  
20 correct answer when we are dealing with compensation.

21  
22 With regard to the impact on neighbours, I don't think  
23 enough work has been done to consider the impact on  
24 neighbours. When gas infrastructure is placed by a gas  
25 company on an adjoining property, drilling can be  
26 undertaken and can impact on neighbours and they may even  
27 go under the properties of neighbours. The gas pipelines  
28 which will go in may even impact on neighbours as well.

29  
30 I don't think there is enough taken into consideration  
31 regarding the impact of coal seam gas coming to a community  
32 and impacting on a whole community. That impact includes  
33 health issues, property value issues, lifestyle issues.  
34 What needs to be done is that when one looks at impacts and  
35 compensation, one should look at compensation on a  
36 community-wide basis. When one sees coal seam gas come to  
37 a community like mine, it impacts on the entire community.

38  
39 When you do your compensation, assess it in relation  
40 to the impact of that whole industry and then it may have  
41 to be distributed out to the individual landholders, be  
42 they neighbours or people physically impacted by  
43 infrastructure. My research on the project shows that when  
44 CSG comes to town, it makes an impact on the property  
45 values of everybody involved in the community, and not just  
46 on those who have infrastructure actually physically on  
47 their property.

1  
2 THE CHAIRPERSON: Chris, when you're discussing  
3 neighbours that are immediately adjoining, what sorts of  
4 impacts in particular are you concerned about? Can you  
5 elaborate on this for us, please

6  
7 MR ROBERTSON: Yes, I can. Take my own personal situation  
8 living at Lower Belford. AGL wants to come to town. They  
9 have been out there and they have talked to us. We did a  
10 survey of all the people. I was involved in the survey. I  
11 actually went around and conducted part of that survey  
12 along with other volunteers. 97 per cent plus said they  
13 didn't want coal seam gas to come to our community. I know  
14 the coal seam gas companies argue about the validity of our  
15 surveys, but we tried to be particularly honest and we  
16 tried to address everybody.

17  
18 With me, I have been working over the last four years  
19 to fight against coal seam gas coming to me. When the  
20 Strategic Regional Land Use Policy came in - I call it  
21 "Slurp" - I was one of the equine property owners who got  
22 their property excluded. However, when it went through,  
23 there was about a dozen other properties that weren't  
24 included in that policy, and that has impacted on people  
25 and other industries, be it wine, tourism, equine or prime  
26 agricultural land. The policy did not cover all of us, so  
27 there is some disharmony in the community. I have spent a  
28 lot of time on this over the last three or four years  
29 working and fighting against CSG. Its impact --

30  
31 THE CHAIRPERSON: But what are the impacts? Can you  
32 elaborate?

33  
34 MR ROBERTSON: Okay, mental health, stress; property  
35 values; the fact that people move to an area for a  
36 lifestyle change - some people might call it a tree change,  
37 as compared to a sea change - when they move to a rural  
38 community.

39  
40 The proposal from, say, AGL impacts seriously on me in  
41 that regard. I worry about my health - mental and  
42 physical. I worry about the health of my family. We have  
43 my aged parents-in-law. We built an additional house on  
44 the property to accommodate them. I worry about their  
45 stress and their health issues in relation to that.  
46 I worry about the impacts of the CSG and escaping gas on  
47 our properties.



1  
2 I worry about our ability to market our property once  
3 CSG comes to town and our ability to realise the pre-CSG  
4 value of our landholding. In some ways, our property was  
5 our future superannuation for my wife and me. Eventually,  
6 when we get too old to live on a larger rural property, we  
7 will move to another area. We are going to be restricted,  
8 I feel, from a professional point of view as a valuer, from  
9 realising the original market value of the property, so we  
10 will be seriously impacted by CSG.  
11  
12 We are very concerned about the environment on our  
13 place. We are very careful with what we do there. We are  
14 very careful of the fauna that is on our place. We take  
15 steps to manage that fauna and not interfere with that  
16 fauna, for example, with the design of our fences, the  
17 provision of water and the other things that we do to  
18 manage these things. We have had surveys conducted by  
19 other bodies to identify the fauna on our property as well  
20 as the flora. We have a significant attachment to that  
21 land.  
22  
23 Also when we look at special value to the owners,  
24 I look at my aged in-laws and they're 88 and 89 years old.  
25 Both of them walk with walking frames and have serious  
26 trouble getting around. If we have to move because of the  
27 implications of CSG and if we have to sell up, to  
28 accommodate them there will be major issues as far as they  
29 are concerned as well. The fact is that my mother-in-law  
30 is a very serious gardening-type person and has spent a lot  
31 of time on managing her gardens. That is not covering all  
32 the special value issues that relate to my family, but  
33 there are major issues that I can set out and provide in  
34 more detail.  
35  
36 THE CHAIRPERSON: So your concerns relate to either CSG  
37 being on your property or on neighbouring properties; is  
38 that right?  
39  
40 MR ROBERTSON: Well, in my community - it's my whole  
41 community because it impacts my whole community - but  
42 I feel that even if CSG comes to adjoining land near me, it  
43 will have a serious impact on the property values and  
44 I worry about the health issues related to it coming to the  
45 area and the resulting stress and mental issues that will  
46 impact on the people in the community.  
47

1 THE CHAIRPERSON: Thank you, Chris, for your comments.  
2 Does anybody else want to comment?  
3  
4 MR GALWAY: Stuart Galway from AGL. I would like to  
5 alleviate some of the concerns from the gentleman in the  
6 front row. I did not catch his name but --  
7  
8 THE CHAIRPERSON: It's Chris.  
9  
10 MR GALWAY: Just so that you are aware, Chris, with the  
11 exploration licences that covered the Hunter area - you are  
12 probably aware of the government's buyback scheme - AGL  
13 have actually handed those back to the government in that  
14 area.  
15  
16 MR ROBERTSON: Yes, I am aware, but when I contacted the  
17 Office of Coal Seam Gas - that is the state government  
18 Office of Coal Seam Gas - and asked them, "What is the  
19 likelihood of these being reissued?", the answer from the  
20 state government CSG body was, "I can't answer that. You  
21 will have to talk to your local politician." I've had  
22 email exchanges and he could not guarantee me that AGL will  
23 not come back to the Lower Belford area. So can --  
24  
25 THE CHAIRPERSON: Thank you, Chris.  
26  
27 MR ROBERTSON: -- you people guarantee me that you  
28 won't come back?  
29  
30 THE CHAIRPERSON: Chris, can you just let Stuart finish --  
31  
32 MR GALWAY: I am not aware of what --  
33  
34 THE CHAIRPERSON: Stuart, do you want to finish? Have  
35 you some more to say?  
36  
37 MR GALWAY: Yes, I do. There are a few things --  
38  
39 THE CHAIRPERSON: Chris, can you just let Stuart finish  
40 first and then --  
41  
42 MR ROBERTSON: I'm sorry.  
43  
44 MR GALWAY: I made a few notes relating to monitoring and  
45 so forth and establishing a baseline. You have to look at  
46 the projects individually. For the Hunter when it is such  
47 an early exploration project, we are still trying to

1 establish even if there is even a gas resource there. So  
2 at the moment, AGL never really got that far with that  
3 project.  
4  
5 In Gloucester, it's a little bit more advanced. AGL  
6 has an extensive monitoring program already underway before  
7 the project has even started. We have a very  
8 well-established groundwater monitoring network that has  
9 been set up and that's one of the conditions for the  
10 approval that we have, so we do --  
11  
12 THE CHAIRPERSON: Sorry, Stuart, can I check, with that  
13 groundwater monitoring, is that on the properties that are  
14 affected and surrounding properties? Can you elaborate a  
15 little bit on that? How does that work?  
16  
17 MR SHAW: Ian Shaw, also from AGL. It is right throughout  
18 the northern part of the basin, in the main. There are 45  
19 to 50 groundwater monitoring sites as well as surface water  
20 monitoring sites certainly associated with the stage 1  
21 project here.  
22  
23 MR GALWAY: Basically it is to cover where the stage 1  
24 area would be so that is the first part.  
25  
26 MS TOWERS: And are the results put in the public domain?  
27  
28 MR GALWAY: Yes, they are.  
29  
30 MR SHAW: Yes, they are all on our website. They are  
31 either done three monthly or six monthly and they are  
32 placed on the website. Also in that regard, there are live  
33 monitoring sites where we have created telemetry so that  
34 you can go on and check those surface and groundwater  
35 sites, not all of them but some of them, at any time you  
36 wish.  
37  
38 MR GALWAY: Yes, you can get online and have a look at the  
39 results online.  
40  
41 I have just a couple of other points. There were a lot of issues  
42 raised by Chris. In terms of the issue surrounding the  
43 whole community and establishing compensation  
44 for a whole community and then divvying it up,  
45 I am not sure that is the correct way to go about trying to  
46 establish compensation. I think compensation with directly  
47 affected landholders should be dealt with as one issue.

1  
2 In terms of the broader community, AGL sees  
3 establishing some sort of Community Benefits Fund as an  
4 issue for the broader community, because we see the  
5 community as also being impacted by these projects  
6 especially during the construction phase. Probably not so  
7 much during the later parts of the project but during that  
8 construction phase, there will definitely be an impact on a  
9 community. That is why we would prefer to see some sort of  
10 government royalty scheme brought forward and then that  
11 would be distributed across at an earlier stage instead of  
12 waiting for the project to get up and running - so before  
13 the royalties are actually going back to the government.  
14  
15 In terms of devaluation of properties or in terms of  
16 having wells on your land, in Queensland there are now a  
17 number of properties which are actually being advertised  
18 for sale with the benefit of having coal seam gas wells on  
19 the property. A lot of landowners up there see it as a  
20 guarantee. It is a revenue stream. It is a guaranteed  
21 income especially in drought periods. They actually see it  
22 as a benefit and they are now advertising their properties  
23 for sale with that as part of the advertisement to actually  
24 encourage people because they would have a guaranteed  
25 income. Thank you. I think that's about all I have to say  
26 at the moment.  
27  
28 THE CHAIRPERSON: Thank you, Stuart. Lindsay?  
29  
30 MR HARMSTORF: Before we move on to Lindsay, could  
31 I explore something with you, Stuart. You are saying the  
32 compensation to the community is more appropriate, more  
33 suitable during the construction time. You're suggesting  
34 the government ought to be funding that compensation at  
35 that time; is that right?  
36  
37 MR GALWAY: Yes, that is something that we have been  
38 investigating, namely, that there would be combined  
39 contribution. We see that there should be some sort of  
40 investment fund especially during that construction phase  
41 and then there would be an ongoing benefit from there and  
42 during the whole operation of the project. Obviously this  
43 should be brought forward; rather than being paid later, it  
44 ought to be brought forward during that construction phase.  
45  
46 MS TOWERS: Just to be clear, the government is actually  
47 consulting at the moment on a Community Benefits Fund which

1 is contributed to by government and by the gas businesses.

2  
3 MR HARMSTORF: Thank you. Yes, sorry, Lindsay?

4  
5 MR FRASER: Chris mentioned he felt that people like the  
6 actual AGL company should not be involved and the EPA  
7 should not be involved. With the water monitoring, my  
8 understanding is that five or six wells have recently been  
9 sunk in Gloucester for independent water monitoring. They  
10 will be there throughout the whole process if gas does go  
11 ahead in Gloucester.

12  
13 Chris also mentioned mental health was a big thing.  
14 In this interview that I had last weekend, we talked about  
15 mental health for quite some time because there is a big  
16 thing about somehow our mental health issues will be caused  
17 by CSG. If you're on the land, you will realise that  
18 mental health is a big issue whether you're near gas or  
19 whether you're not. Someone seems to be grabbing hold of  
20 that to make it a leverage for their purpose. I can't  
21 agree with that because surely you must be reading about  
22 the mental health issues on farms. People are shooting  
23 themselves in the Northern Territory because of the live  
24 cattle trade being stopped, and it is still happening.  
25 There are more issues than CSG causing mental health  
26 problems. That is what I wanted to say. That came out of  
27 our talk.

28  
29 The first hole was fracked in Gloucester well over  
30 12 years ago. If all this water monitoring has not picked  
31 up anything yet, it has to be a bit of a good sign for a  
32 favourable outcome.

33  
34 MR ROBERTSON: Could I answer that? Can I just answer  
35 that?

36  
37 THE CHAIRPERSON: Thank you, Lindsay. Chris, do you  
38 want to say something else?

39  
40 MR ROBERTSON: I personally am impacted by the threat,  
41 not the actual existence of CSG. I'm sorry, did you want to  
42 say something? Can I give a personal example --

43  
44 MR FRASER: You can.

45  
46 MR ROBERTSON: -- without your facial expression changing.  
47 I am impacted by the threat of CSG. It has caused me

1 stress. It has impacted on the health of my mother-in-law  
2 and father-in-law who are aged. I am giving you an actual  
3 example of where just the threat of CSG is causing issues  
4 to the people that are impacted.

5  
6 You may say that there are other issues, but prior to  
7 CSG, I had no problem with stress. I won't say my  
8 parents-in-law didn't have other issues, but their issues  
9 have been compounded by the threat of CSG. That is an  
10 actual example. I am here to tell you that happens. You  
11 cannot dismiss it in the way that you have and you cannot  
12 make the faces that you have made when --

13  
14 THE CHAIRPERSON: Excuse me, Chris, you are entitled to  
15 your opinion, as is Lindsay.

16  
17 MR FRASER: That's fine. Look, I'm happy - I'm happy to  
18 take criticism --

19  
20 THE CHAIRPERSON: Just a minute, please, Lindsay. Chris,  
21 Lindsay is entitled to have his say as well. I don't think  
22 it was directed personally at you, but we appreciate your  
23 comments as well. Would anyone else like to comment?

24  
25 MR FRASER: All I am trying to do is give you the views of  
26 the farmers who are actually involved with the gas on their  
27 properties in Gloucester and they have no concerns. As  
28 I said, fracking happened over 12 years ago here and all  
29 the water monitoring is being done and they have no  
30 concerns. They actually think what has happened with the  
31 drilling is a value to their land, with the pads that are  
32 left behind for them to put sheds on and store silage and  
33 things like that.

34  
35 THE CHAIRPERSON: Thank you, Lindsay. Would anyone  
36 else like to comment? David?

37  
38 MR HARE-SCOTT: Could we go back to the concept of the  
39 community benefits being paid broadly to the community.  
40 Reading your draft material, your suggestion is that this  
41 will be left to the gas company and built in as part of  
42 compensation; is that right?

43  
44 THE CHAIRPERSON: There's another review going on, which  
45 deals with developing a Community Benefits Fund. There is  
46 also some consultation happening there. Our review is  
47 concentrating on the landholders who wish to have CSG on

1 their land and what tools we can give to help them  
2 negotiate with the gas companies. We will go through the  
3 model shortly. As far as the Community Benefits Fund that  
4 is --  
5  
6 MS TOWERS: The New South Wales government is running a  
7 consultation process.  
8  
9 MR HARMSTORF: If you want to put some comments about  
10 it on the public record, please do. Yes, we talk to them,  
11 but they are running their own process.  
12  
13 MR ROBERTSON: I do make the point that - I'm sorry.  
14  
15 MR HARE-SCOTT: Reading your executive summary here on  
16 page 3, where you make draft recommendations, you say  
17  
18 Gas companies should fund benefit or  
19 incentive payments to landholders as part  
20 of their compensation arrangements.  
21  
22 THE CHAIRPERSON: That's to do with the individual  
23 landholders,  
24  
25 MR HARE-SCOTT: Are we talking about the same thing  
26 here? No?  
27  
28 THE CHAIRPERSON: That is for the individual landholder.  
29 When we go through the model - Jenny will take us through  
30 the model later on - Jenny will explain how that works for  
31 the individual landholder. The Community Benefits Fund is  
32 for the rest of the community who don't have coal seam gas  
33 on their land. It's a separate fund. Does that makes  
34 sense?  
35  
36 MR HARE-SCOTT: Okay, that's good.  
37  
38 MR ROBERTSON: May I --  
39  
40 THE CHAIRPERSON: Sorry, Chris, we have Felicity. Did  
41 you want to say something, Felicity?  
42  
43 MS MULLER: Yes, I wanted to clarify what the processes  
44 have been to date regarding DRE's work on the Community  
45 Benefits Fund and how much you have been liaising with  
46 them just to see how that will work because I saw in the  
47 Narrabri consultation, there was a lot of concerns over how

1 neighbour payments will be made and community payments  
2 and all of those sorts of things. That was quite a commonly  
3 reoccurring theme. You mentioned, John, that you agreed  
4 with some sort of neighbour payments, where there are  
5 exceedances of conditions, but you mentioned that was  
6 largely around relocation costs and the like. I was just  
7 wondering, sort of going forward, in order to address some  
8 of those concerns around neighbour payments and all of that  
9 sort of thing, what sort of consultation processes or what  
10 sort of information you have been able to glean from the  
11 DRE to get some additional advice to inform that process.  
12  
13 MS TOWERS: We have been talking to the department, but  
14 they are still in that consultation process and they don't  
15 have concrete --  
16  
17 MS MULLER: A concrete model.  
18  
19 MS TOWERS: No, but we will keep liaising with them in the  
20 next month while we are finalising our report to see if  
21 there is anything else they can share with us.  
22  
23 MS MULLER: Okay, so working together with that, are they  
24 happy to take on any sort of recommendations and advice  
25 that you have been able to glean through your process?  
26  
27 MS TOWERS: I know that they look at all our submissions  
28 and they will look at these transcripts.  
29  
30 MS MULLER: Thank you. Also in the issues paper, there was  
31 a phrase regarding permanent impacts and how that might  
32 be taken into consideration and then into a compensation  
33 payment. That seemed to fall off in the draft report and  
34 I am wondering why that was the case. I know that there  
35 was not really a large report. There is nothing really  
36 available given the relative time frames that the industry  
37 has been operating, but I was just wondering why that was  
38 dropped off or what sort of consideration --  
39  
40 MR SMITH: I don't think it was dropped off. It was in  
41 the draft report, but what we said was that it is a complex  
42 issue and we think people should get professional advice on  
43 that.  
44  
45 MS TOWERS: In terms of land valuation, yes.  
46  
47 MS MULLER: Okay, so land valuation was seen to take into

1 account any sort of permanent impact?  
2  
3 MS TOWERS: Yes.  
4  
5 MR HARMSTORF: Yes.  
6  
7 MS MULLER: I'm wondering what the liaison with the  
8 minister's office has been like to date given your  
9 recommendations for legislative change.  
10  
11 MR SMITH: As I understand it, the government will make a  
12 decision once we give them the final report.  
13  
14 MS TOWERS: Because it is just a draft report. So once  
15 they have the final report, they will look at the final  
16 report and make a decision.  
17  
18 THE CHAIRPERSON: IPART is independent. We try and come  
19 up with our decisions and then we hand our reports over to  
20 the government to make decisions on our recommendations.  
21  
22 MS MULLER: So you have not been liaising with them at the  
23 present time on your draft findings?  
24  
25 MR HARMSTORF: This is something IPART does across the  
26 board. We get terms of reference, which we publish where  
27 we can immediately. Then we do everything in an open and  
28 consultative manner and there are no secret instructions on  
29 this or any other report that we do.  
30  
31 MS MULLER: No, I wasn't inferring that at all. I was  
32 just wondering whether you have been speaking with the  
33 minister's office. Obviously we have seen the minister's  
34 release stating that he is happy with the draft report and  
35 endorses it and all of those sorts of things, so I was  
36 wondering what the process was.  
37  
38 MS TOWERS: They received a copy of the report, as did all  
39 other stakeholders.  
40  
41 MS MULLER: Okay, thank you.  
42  
43 MR HARMSTORF: So from our perspective, that's good  
44 because it means that the recommendations of the tribunal  
45 are likely to be welcomed by the minister; but if they  
46 weren't, that wouldn't change what the tribunal  
47 recommended. The tribunal comes to its own best judgment

1 on what the right answer is and then it's up to government  
2 what it does with that.  
3  
4 THE CHAIRPERSON: Chris, did you want to say something  
5 else?  
6  
7 MR ROBERTSON: Just going back to my point on the  
8 Community Benefits Fund and it not being finalised before  
9 the tribunal's report goes back, if you haven't got the  
10 details of what the Community Benefits Fund is going to  
11 provide, how do you compensate a community? I'm talking  
12 quite specifically about my area at the moment, but it can  
13 be expanded to other areas. I am referring to loss of  
14 tourism, jobs, our local school is impacted, the amenity,  
15 the lifestyle, the development that would have gone in  
16 there, the industry, the shops, the mental stress, the  
17 community members leaving - or as we have had happen in  
18 Queensland recently, the suicide information details that  
19 have come through.  
20  
21 Also the local government authority has to pay for  
22 increased infrastructure, such as roads, counselling, water  
23 supply, signage, public information. If there is a  
24 devaluation in the valuation of the rateable lands - and in  
25 Queensland, there has been in some areas a loss of rateable  
26 value as far as the Valuer General is concerned - that is a  
27 loss of revenue to the local government. My concern is  
28 that, as I said, the tribunal's report will be going in  
29 before all these things are finalised.  
30  
31 THE CHAIRPERSON: Chris, our terms of reference are to do  
32 with landholder compensation for those who have CSG on  
33 their land, not the surrounding community. We are looking  
34 at immediately adjoining neighbours and the effects of  
35 having someone next door to you with CSG. When it comes to  
36 the community effects that you are talking about, I believe  
37 that's what the Community Benefits Fund is going to take  
38 into account. We have your concerns on record and, as  
39 Fiona says, that other review will look at those issues.  
40  
41 MR ROBERTSON: No worries, thank you.  
42  
43 THE CHAIRPERSON: Felicity?  
44  
45 MS MULLER: I wanted to have it put on public record why  
46 it was thought that IPART would take the position that  
47 compensation costs or the costs of developing up a land

1 access agreement were to be done under reasonable costs as  
2 opposed to capped costs which had been recommended by  
3 Bret Walker?  
4  
5 THE CHAIRPERSON: I think part of it was our opinion is  
6 that if you have a cap, it's difficult to get the cap at  
7 the right level. There are concerns on both sides. Some  
8 don't want the cap to be too low, others don't want the cap  
9 to be too high, so using the word "reasonable" is about  
10 trying to get it at the right level so that all parties  
11 have their say and that it is a fair process.  
12  
13 We understand there is a lot of concern from  
14 landholders that they are the small party against a big gas  
15 company. That is why we have recommended that they do get  
16 professional advice so that they can be armed with the  
17 right sort of information in their negotiations.  
18  
19 MS MULLER: So it goes, once again, with the  
20 one-size-fits-all approach does not necessarily work?  
21  
22 THE CHAIRPERSON: Yes, that's right.  
23  
24 MS MULLER: Thank you. I just wanted to have that on the  
25 transcript.  
26  
27 THE CHAIRPERSON: Does anybody else want to say  
28 something? We might have a break now for morning tea.  
29 When we come back from morning tea, we will have a look at  
30 the model. Thank you, we will resume again at 11.  
31  
32 SHORT ADJOURNMENT  
33  
34 THE CHAIRPERSON: Welcome back after morning tea. In  
35 the session this morning, we heard an overview of our  
36 draft recommendations and heard comments and feedback  
37 from around the room. The second session will focus on the  
38 compensation spreadsheet model.  
39  
40 I appreciate that the model we have up here on the  
41 screen is very small, but we also have some handouts at the  
42 door. Does everyone have a handout? If you have it, you  
43 can follow along with us. Please put your hand up if you  
44 don't have the handout and one will be provided to you.  
45  
46 Jenny Suh from our secretariat will run through how to  
47 use the model. Thank you, Jenny.

1  
2 SESSION 2: OVERVIEW OF IPART'S COMPENSATION MODEL  
3  
4 MS SUH: Thank you. I will now take you through an  
5 example of how the model can be used to estimate benchmark  
6 compensation. I will first describe inputs and present  
7 results.  
8  
9 Firstly, we have part A on the first page, inputs for  
10 compensation payments. In our example, we have a  
11 landholder who has been offered a 20-year land access  
12 agreement by a gas company. The gas company will provide  
13 compensation payments until the land is returned to the  
14 landholder and a benefit sharing incentive payment during  
15 the production stage.  
16  
17 The landholder has a property of 50 hectares and the  
18 estimated market value of the land is \$12,000 per hectare  
19 and the estimated market rental rate is 7 per cent of the  
20 market land value.  
21  
22 The model recognises that impacts on land and  
23 landholders are different at different stages of a gas  
24 project. For example, more land is required at an  
25 earlier stage of a project when wells are being drilled and  
26 other infrastructure is being constructed and, as a result,  
27 impacts on landholders are typically greater than in later  
28 years. Therefore, the model allows different land areas  
29 and different impacts on the land for the first year and  
30 for the second year onwards.  
31  
32 In our example, the gas company plans to use  
33 7 hectares of land for well pads, hardstand and other  
34 infrastructure in the first year and 2.25 hectares from the  
35 second year onwards. These are in section 3 on the first  
36 page.  
37  
38 A valuer has estimated that the value of the residual  
39 land - that is, the landholder's total landholding less the  
40 land directly taken by the gas company - would decrease by  
41 10 per cent each year due to the physical interference of  
42 CSG activities.  
43  
44 Also the valuer has estimated that the value of the  
45 residual land will decrease by 30 per cent in the first  
46 year and 20 per cent in the second year onwards due to  
47 other impacts such as loss of visual amenity, noise, dust,

1 et cetera.  
2  
3 The model includes compensation for landholder time  
4 and expert advice. The landholder in our example estimates  
5 that they will spend a total of 150 hours on negotiating  
6 the access agreement and around 50 hours each year on work  
7 related to the access agreement.  
8  
9 To estimate the total cost of the landholder time  
10 spent on negotiating and dealing with the gas company, the  
11 model requires the value of the landholder time per hour.  
12 The landholder considers their time is worth \$50 per hour.  
13 As for legal and professional fees, the landholder  
14 estimates that it would cost \$40,000 to establish the  
15 access agreement.  
16  
17 The model requires two other assumptions - this is on  
18 section 5 of the first page. The first is the rate of  
19 return that the landholder is expected to earn on financial  
20 investment per year. This is required to calculate a  
21 lump-sum upfront compensation payment. If you want to  
22 calculate annual payments only, you do not need to provide  
23 this information.  
24  
25 To show you compensation payments in both lump sum and  
26 annual payment, we assume that the landholder plans annual  
27 compensation in a savings account earning 3.5 per cent per  
28 annum.  
29  
30 The compensation and incentive payments in the model  
31 increase at the rate of inflation. We assumed an inflation  
32 rate of 2.5 per cent, which is the mid-point of the Reserve  
33 Bank of Australia's inflation target rate.  
34  
35 Moving to "Part B. Inputs for incentive payment", we  
36 assume that the gas company expects to proceed to the  
37 production stage in the fifth year of the access agreement  
38 and its estimated annual incentive payment is \$10,000 per  
39 annum.  
40  
41 We have provided all the necessary inputs, so now we  
42 can move on to see the results and the results are on the  
43 second and third page.  
44  
45 In Part A of the "Results" worksheet on the screen,  
46 you can select the lump-sum upfront payment structure if  
47 you would like to receive a single upfront compensation

1 payment at the beginning of the access agreement or you can  
2 select the annual payment structure if you would like to  
3 receive a series of annual compensation payments. Part B  
4 shows incentive payments.  
5  
6 Based on our input information, the landholder in our  
7 example can expect to receive around \$68,000 in the first  
8 year and around \$17,000 per annum from the second year  
9 onwards as a compensation payment. The compensation  
10 payment increases each year at the rate of inflation. The  
11 equivalent lump-sum upfront payment is around \$351,000.  
12  
13 As estimated by the gas company, the landholder will  
14 receive an incentive payment of \$10,000 during the  
15 production stage - that is, from the beginning of the sixth  
16 year. The incentive payment also increases each year at  
17 the rate of inflation.  
18  
19 Please consider that these assumptions we have used in  
20 this example are for the illustration purposes only. In  
21 using the model, landholders are expected to provide  
22 information which reflects their own circumstances and we  
23 expect that, in most cases, landholders would need  
24 professional advice on how a CSG project may affect the  
25 market value of their property. Thank you  
26  
27 GENERAL Q&A  
28  
29 THE CHAIRPERSON: Thank you, Jenny. I will now invite  
30 questions or comments from around the room. Remember to  
31 identify yourself and your organisation, please, for our  
32 transcriber.  
33  
34 MR GALWAY: I have a question in relation to the first year  
35 payment, the lump sum first-year payment: the \$68,000 does  
36 that include the \$40,000 for the fees for the professional  
37 service?  
38  
39 MS SUH: Yes, exactly.  
40  
41 MR GALWAY: Because that is an actual disbursement cost,  
42 why is it actually included as part of the landowner's  
43 compensation? They won't receive that \$40,000. No, the  
44 landowner will not receive \$40,000, so why is it included  
45 as a compensation?  
46  
47 MS SUH: It's a reimbursement for the payment that the

1 landholder incurs for professional services and --  
2  
3 MR GALWAY: Isn't the argument that we are supposed to be  
4 paying reasonable costs?  
5  
6 MS TOWERS: Yes, and to that extent --  
7  
8 MR GALWAY: So therefore it should not be included as the  
9 compensation. The company has to pay reasonable costs for  
10 professional services, therefore, the first-year payment  
11 should not include an amount of money that the landowner  
12 won't actually receive.  
13  
14 MS SUH: The landholder should have incurred \$40,000 for  
15 legal and expert advice and they are reimbursed as part of  
16 this compensation payment.  
17  
18 MR GALWAY: Yes, but they don't actually get --  
19  
20 MS TOWERS: You could do it with or without. We have  
21 presented it with, but you could do it with or  
22 without.  
23  
24 MR GALWAY: What I am saying is that it is misleading. It  
25 is misleading to a landowner. They don't actually ever see  
26 that money, because it is an outgoing cost. It should just  
27 be - just work it out - that the company is responsible for  
28 reasonable costs  
29  
30 THE CHAIRPERSON: I think it depends on the arrangement  
31 that the gas company has with the individual and whether it  
32 is a reimbursement or whether it gets paid to the  
33 landholder. Different companies may have different  
34 arrangements. However, the main purpose of this tool is to  
35 allow the landholder to get an idea of how much it might  
36 cost so they can add everything up to get an idea of what  
37 number they need to be keeping their eye on.  
38  
39 MR GALWAY: I understand, but \$40,000 is quite an  
40 excessive figure, I might add, and it's also misleading.  
41  
42 MS MULLER: I would disagree that \$40,000 is excessive, so  
43 I will just put that on record. I don't think that that is  
44 excessive at all. Legal costs and expert valuations are  
45 very expensive and timely to do. I used to work in  
46 consultancy companies that would do valuations. It would  
47 be quite expensive - about 15 grand just for the valuation

1 itself, or more.  
2  
3 MR HARMSTORF: The figures we have put in here in the blue  
4 boxes are reasonable figures that you might expect to see  
5 in the real world. They will not be accurate for any  
6 individual but they are all reasonable figures.  
7  
8 I would probably disagree that it is misleading, but  
9 it is a fair point that, for extra clarity, it might be  
10 worth pointing out that this is not money in your pocket;  
11 it is money you get to pay someone else. Thank you, that  
12 is a good suggestion.  
13  
14 MR PAULL: I'm Matthew Paull from APPEA, the peak body  
15 for the oil and gas industry. By way of background, I mainly  
16 work on Queensland issues but I also cover some things in  
17 New South Wales with Alex Gibson.  
18  
19 I can give you some insight into how these sorts of  
20 things have been dealt with in the Queensland context.  
21 That is primarily where my experience comes from. I have  
22 been a part of, I think, three different reviews of land  
23 access and compensation that have been run by the  
24 Queensland government. Those have been done in a different  
25 sort of a way. It was more like a working group with  
26 AgForce, the Queensland Farmers Federation and ourselves  
27 sitting in a room with the government working through the  
28 issues.  
29  
30 In those sorts of discussion, the most recent one  
31 essentially came to the conclusion that, in the Queensland  
32 approach, in the Queensland context, the system is working  
33 quite well. There were no major changes to it.  
34  
35 Of relevance here, what we did consider explicitly as  
36 part of that most recent look at the land access system was  
37 whether there should be an explicit recognition of  
38 landholder time, whether there should be an explicit  
39 recognition of things like loss of visual amenity. Through  
40 the product of a lot of direct consultation with affected  
41 landholders, and a lot of discussion around the table, we  
42 basically all collectively - I am including the farming  
43 bodies here - came to the conclusion that while things like  
44 landholder time and loss of visual amenity are definitely  
45 real things, and they are things that should be compensated  
46 for in some way, actually trying to attach a dollar value  
47 to them is quite problematic.



1  
2 Because it's so subjective, it is very difficult to,  
3 I think, fill in that sort of a spreadsheet where everyone  
4 is going to clearly agree on how much those things are  
5 worth.  
6  
7 I notice you have \$50 an hour there. When we were  
8 looking at the land access system in Queensland, there was  
9 a document that was not even government policy, but it had  
10 \$50 an hour in there, which got leaked to the papers.  
11 There was sort of instant outrage: "I'm worth more than  
12 \$50. How dare you." At the same time, there are some  
13 people who don't earn \$50 an hour, so how do you deal with  
14 that?  
15  
16 These sorts of things are quite subjective, and I  
17 think visual amenity is even more subjective. How much is  
18 my view worth? It's definitely worth something, but what  
19 it is worth in terms of a figure in that spreadsheet is  
20 very difficult to arrive at.  
21  
22 I am just giving you the run-through of how this thing  
23 was discussed and concluded in Queensland. Those things  
24 are compensated for, but if you're going to have a  
25 spreadsheet to add in figures that you populate, I would  
26 encourage you to base that on objective measures.  
27  
28 I think Santos starts with the landholder, the  
29 valuation from the Valuer General, because that is an  
30 objective thing. That is not exactly what the compensation  
31 arrives at, but that is an objective number that you can't  
32 argue with. It is not my valuer or your valuer, it's what  
33 the government said, and that's a starting point.  
34  
35 I think, in the interests of coming up with a  
36 framework that encourages productive discussion rather than  
37 disagreement over subjectivity, you would be better off if  
38 you're going to have a spreadsheet to have it objective.  
39 We have considered a spreadsheet before in Queensland and  
40 we didn't think it was a good idea, but if you're going to  
41 have one, make it objective.  
42  
43 THE CHAIRPERSON: John, would you like to comment?  
44  
45 MR SMITH: Yes, thank you. We have \$50 in this example,  
46 but we agree there is no one-size-fits-all. I don't think  
47 there is any way of avoiding some subjective things in this

1 such as valuing loss of amenity. What we're saying is we  
2 think it is reasonable that landholders can form a view of  
3 what their time is worth and they can put it in there.  
4 We're not telling them what it is, or what it is worth. We  
5 are saying that a valuer would be able to give advice -  
6 independent advice - about this. In Queensland, as you  
7 know, it's commonplace to get a valuer to provide advice on  
8 these types of things and it has worked in Queensland.  
9

10 THE CHAIRPERSON: Chris?

11  
12 MR ROBERTSON: The gentleman mentioned Santos and the  
13 Valuer General's valuation. As somebody who has made  
14 Valuer General's rating assessments, I would like to  
15 comment on that. The Valuer General's rating assessments  
16 are done at a base date. They are for the purpose of  
17 rating assessment and a way of proportioning rates  
18 throughout the community. They are a mass-produced  
19 assessment and are not likely to reflect the true current  
20 market value of the land impacted by landholders. Being a  
21 base-dated assessment, they may not even reflect the  
22 current situation with regards to pre or post-CSG values.  
23

24 To say there is no discussion, as Santos said at  
25 Narrabri - or debate or argument - about this land value is  
26 not correct. We are looking at a rating valuation that is  
27 done for a specific purpose at a specific time and really  
28 has no relevance to the current market value pre-CSG or  
29 current market value post-CSG. It is wrong to say that,  
30 because this is a valuation done for a specific purpose.  
31 I used to make those valuations, so I am pretty comfortable  
32 with commenting on that.  
33

34 THE CHAIRPERSON: Thank you, Chris. David would you  
35 like to say something?  
36

37 MR HARE-SCOTT: I would like to talk about the use of the  
38 spreadsheet. I think we would all agree that ultimately  
39 this is going to be a question of negotiating and that the  
40 spreadsheet is not intended to be prescriptive; it is a  
41 framework. The question then becomes the level of  
42 granularity of the estimates that form the basis of  
43 negotiation.  
44

45 To my way of thinking, it is more useful for the  
46 non-expert, the landholder, to have a framework which has a  
47 degree of granularity in it so they can see where the

1 figures come from and what it amounts to and make up their  
2 mind how comfortable they are with the resulting grand  
3 total.

4  
5 I think from the company point of view, they clearly  
6 would prefer not to have that level of granularity; they  
7 would like to see it as "Let's just talk about the bottom  
8 line here guys", and I think that they would prefer to have  
9 that for their own purposes.

10  
11 THE CHAIRPERSON: Thank you, David.

12  
13 MR HARMSTORF: Is there a level of detail in the current  
14 model that you think is missing? Is that what you're  
15 saying?

16  
17 MR HARE-SCOTT: No, I think it is probably a reasonable  
18 compromise. In my original submission, I said there was no  
19 right answer to this kind of modelling. Whatever you do is  
20 wrong. It is just some are less wrong than others and that  
21 takes into account the subjective aspects of these things  
22 as well. I think that what you've done is a fair fist of  
23 it and if it was 30 per cent more detailed or less  
24 detailed, it would not make any difference.

25  
26 THE CHAIRPERSON: Thank you, David. Does anybody else  
27 have a comment?

28  
29 MS MULLER: I guess I just want to put on record that the  
30 spreadsheet seems to cover off all the heads of  
31 compensation. There is specific reference to severance and  
32 injurious affection, but maybe you would want to directly  
33 use the specific words that are used in the report to  
34 footnote that this relates to loss due to disturbance for  
35 the cost of landholder time and stuff like that so that  
36 people can link through from the report to the spreadsheet,  
37 just for clarity.

38  
39 I think you do need to put some figures in to have a  
40 worked example. While you are saying, "Don't put in \$50",  
41 I think the report makes it quite clear that it is not a  
42 one-size-fits-all and this is just a worked example for the  
43 purposes of people being able to see an example of costs or  
44 what the amount of land impact might be.

45  
46 I would say it is quite different in terms of the  
47 level of impact that you see at the exploration or

1 production phase. While the worked example says for the  
2 purposes of ease of working through a simple example,  
3 I think it might be worthwhile having some sort of  
4 separation of that a little bit more. I guess that,  
5 looking at the total of land occupied in the first or  
6 second year, that is perhaps meant to reflect the  
7 exploration and production phase, but perhaps that might be  
8 something that could come out a little bit clearer.

9  
10 I think that the impacts of exploration and production  
11 are quite different and the access arrangement that is  
12 developed up might be quite different from the exploration  
13 to production phase because of the number of people coming  
14 on the land, when they need to drill and the size of the  
15 well pads, and whether anything goes from exploration  
16 through to production. It is quite different, so that  
17 might be worth spelling out in a worked example.

18  
19 THE CHAIRPERSON: Thank you, Felicity. That's very  
20 constructive. Does anybody else have comments? Yes,  
21 Chris?

22  
23 MR ROBERTSON: Could I ask a question of Jenny, if  
24 I might. Jenny, when you talk about injurious affection,  
25 is an additional thing that may be included special value  
26 to the owner?

27  
28 MS SUH: Such as?

29  
30 MR ROBERTSON: I think we could use an example of  
31 somebody that is blind and that person's house has special  
32 value because they can find their way around it. In some of  
33 these instances with these rural properties, there might be  
34 special value to some of the owners - maybe family history.  
35 I know down in Lower Belford, there are family graves for  
36 winegrowers going back maybe 100 and 150 years and there  
37 may be special value, as such. Would that be included in  
38 injurious affection or is that something that should be  
39 added in for consideration?

40  
41 MS SUH: That could be included in the injurious affection  
42 and reflected in part of the presented reductions in value.

43  
44 MR ROBERTSON: That's fine. No worries, thank you.

45  
46 MR SMITH: May I answer that? We have recommended that  
47 the legislation in New South Wales be brought in line with

1 the Queensland legislation and that includes recognising  
2 special value.  
3  
4 MR ROBERTSON: I hadn't realised that, John. Thank you  
5  
6 THE CHAIRPERSON: Would anybody else like to ask a  
7 question or make a comment? Felicity?  
8  
9 MS MULLER: Is there any intention of having a couple of  
10 worked examples, maybe, so that people are not saying -  
11 just to address Matt's concern - "My time is not worth  
12 \$50", or "My land is worth more than \$12,000 a hectare", or  
13 conversely less or their percentage of impact is less?  
14 Maybe it might be helpful for people to see a couple of  
15 other worked examples. You're saying it is not a  
16 one-size-fits-all approach. Perhaps that could be  
17 reflected in a couple of different case scenarios  
18  
19 MS TOWERS: Yes  
20  
21 THE CHAIRPERSON: We have discussed putting more  
22 examples in our final report just to give people a different  
23 view of it.  
24  
25 MS MULLER: Thank you.  
26  
27 MR HARMSTORF: There is a bit of a risk at least that it  
28 looks like we have come up with the answer rather than an  
29 example answer.  
30  
31 MS MULLER: Yes.  
32  
33 MR PAULL: In terms of assisting landholders in coming up  
34 with the agreement what has worked best in our experience  
35 is making sure that the landholders have the support to do  
36 those negotiations. That is why we recommended that  
37 AgForce run those landholder sessions and we partly fund  
38 those in Queensland. They are all about sitting down with  
39 landholders and talking about: "Here is what you need to  
40 know. Here is what you need. This is how you can  
41 productively go about coming up with your own agreements."  
42 Maybe that is the place for a spreadsheet to assist them in  
43 walking through it. Those sessions have been very  
44 successful in Queensland.  
45  
46 One other point I might make about those is that the  
47 way they are done in Queensland is in an overtly apolitical

1 way. It is not done by AgForce. It is done by a  
2 separate entity which they call AgForce Projects. It is related  
3 to AgForce, but they have explicitly separated it. So when  
4 they hold a session, if someone wants to talk about AgForce  
5 policy, about rights of veto, or whatever, they can say,  
6 "You're talking to the wrong people. We are only here to  
7 deliver a course about landholder negotiations."  
8  
9 That, I think, has been another key part of its  
10 success. It's not a political exercise. It is simply an  
11 exercise in giving landholders information. Those sessions  
12 are run at no cost to landholders so that people can get  
13 that sort of information without having to pay for it.  
14 But, yes, it is important that it be apolitical.  
15  
16 Again in terms of agreeing conducts and then talking  
17 about compensation, that's what they are all about really:  
18 it is how you work through with the gas company what will  
19 be the impact on your land, what sort of conduct  
20 arrangements you might want and then, out of that, at the  
21 end, working out the compensation is a relatively easy  
22 thing to do.  
23  
24 MR SMITH: Thanks, we agree with those comments. We  
25 agree that the AgForce model is a good model. That's why we  
26 mentioned that in our report. Our idea is that something  
27 similar to the AgForce workshop model would be in place for  
28 the landholders of New South Wales. We agree that that is  
29 part of the solution. It is not just a spreadsheet model; it is a  
30 model, and having access to the advice you need, and having  
31 AgForce-type workshops - it's all part of the package  
32 solution.  
33  
34 MS MULLER: And a similar position is funded here. NSW  
35 Farmers have someone who is not NSW Farmers that currently  
36 provides that sort of unbiased apolitical information.  
37 That position is already there, so it would be potentially  
38 just be the expansion of that existing role.  
39  
40 MR ROBERTSON: Could I ask Jenny another question, please?  
41  
42 THE CHAIRPERSON: Yes, but please speak up for the  
43 transcriber.  
44  
45 MR ROBERTSON: Thank you. Jenny, when you were at  
46 Narrabri, you commented also:  
47

1 Also, the valuer has estimated that the  
2 value of the residual land will decrease by  
3 30 per cent in the first year and 20 per  
4 cent in the second year onwards due to  
5 other impacts such as loss of visual  
6 amenity, noise, dust, et cetera.  
7  
8 Can you expand on that because what concerns me is that,  
9 in my case, the market value of my property will decrease.  
10 I am concerned about my ability to sell, if I decide that  
11 I want to move to a smaller property. I am concerned that  
12 I will not be able to realise the pre-CSG market value for  
13 that property. How is that going to be compensated for,  
14 please?  
15  
16 MS SUH: First of all, the 30 per cent and 20 per cent  
17 reduction in market value, they were just examples.  
18  
19 MR ROBERTSON: Understood, yes.  
20  
21 MS SUH: You could reflect your own circumstances by  
22 entering in a higher percentage reduction value. So if you  
23 expect that your land will be severely impacted in terms of  
24 market value, you could, for example, enter a 70 per cent,  
25 80 per cent reduction in the residual land value.  
26  
27 MR ROBERTSON: So how will people in my situation be  
28 compensated for that loss of market value?  
29  
30 MS SUH: If you enter a higher percentage in terms of the  
31 reduction in the market value, you will have a bigger  
32 compensation for the loss of the land value for the  
33 residual land.  
34  
35 THE CHAIRPERSON: Thanks, Jenny. This is where we are  
36 saying, "Get professional advice", which might include  
37 advice from a land valuer who would be able to give you  
38 advice on what they think will happen in the future. Also  
39 if you're not happy with their advice, you can put your own  
40 numbers in.  
41  
42 MR ROBERTSON: As a previous land valuer, if my property  
43 is worth \$800,000 pre-CSG and CSG comes to my area and  
44 that impacts on the land value and, say, it drops from \$800,000  
45 to \$600,000, when I go to sell that property, who is going  
46 to pay me the difference?  
47

1 MR HARMSTORF: Just to be clear, when you say CSG comes  
2 to your area, you mean you are the landholder who is hosting  
3 wells?  
4  
5 MR ROBERTSON: It could be both situations. I could be a  
6 neighbour. I could have actual wells on the property, or  
7 I could be impacted by drilling under my property. So I am  
8 looking at all those three scenarios.  
9  
10 MR HARMSTORF: Let's just unpack some of them. What we  
11 are looking at here is compensation between the company, on  
12 the one hand, and the landowner with the wells on their  
13 property, on the other. I think the companies have agreed  
14 that they will not go down under one property and then go  
15 underground into another property with which there is no  
16 agreement.  
17  
18 MR ROBERTSON: But that's happened --  
19  
20 MR HARMSTORF: Then, as a neighbour, there is compensation  
21 in the model for visual, noise, dust impacts and so on.  
22 But you're talking about an ongoing legacy reduction; is  
23 that right?  
24  
25 MR ROBERTSON: I am talking about what I think is an  
26 example of a possible actual situation where a property is  
27 up for sale, CSG is in the area or in the community or may  
28 even be on the property. If, prior to CSG, the property  
29 was worth \$800,000, with the CSG coming into town, how do  
30 I realise that \$800,000? The number of people interested  
31 in such a property would diminish because of the intrusion  
32 of CSG. In my professional opinion, it is likely to reduce  
33 the value of my property. How do I realise the difference  
34 between pre-CSG and post-CSG impact on the current market  
35 value of my property?  
36  
37 MR HARMSTORF: This is something that the tribunal, as  
38 you say, heard in Narrabri and I think it is something that we  
39 will be looking at in the preparation of the final report.  
40  
41 MR ROBERTSON: Well, I'm not sure you heard specifically  
42 what I've just said in Narrabri, but at least you've heard  
43 it now and can take it on board because I think it's a  
44 situation that will occur and I am not sure that the  
45 current aspects of what I've put out will be compensated in  
46 every case,  
47

1 THE CHAIRPERSON: Thank you, Chris. We have that on  
2 record. John, would you like to make any further comments.

3  
4 MR SMITH: No, thank you..

5  
6 CLOSING REMARKS

7  
8 THE CHAIRPERSON: Anybody else? Thank you very much  
9 for coming today. We have appreciated all your frank  
10 comments. The transcript for today's proceedings will be  
11 available on our website in a few days.

12  
13 Written submissions on our draft report close on  
14 30 October. You can write a letter or an email and we are  
15 happy with just short dot points - it is all welcome.

16  
17 We will provide our final report to the Minister for  
18 Industry, Resources and Energy by the end of November and  
19 the minister will determine when the final report is  
20 released publicly. Thanks again for coming today.

21  
22 AT 11.35PM, THE TRIBUNAL WAS ADJOURNED  
ACCORDINGLY

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