

QUESTION ON NOTICE

No. 1061

asked on Wednesday, 9 June 2010

MR HOPPER ASKED THE MINISTER FOR NATURAL RESOURCES, MINES AND ENERGY AND MINISTER FOR TRADE (MR ROBERTSON)—

QUESTION:

With reference to real estate businesses on the Darling and Western Downs who are reporting a significant reduction of interest in the sale of land with actual or proposed Coal Seam Gas (CSG) activity—

- (1) Will a loss of property valuation due to the CSG industry be included in compensation arrangements by CSG companies?
- (2) Who will be responsible and/or liable for the reduction in land valuations created by actual or proposed CSG activity?

ANSWER:

The market value of a rural property on which CSG activities are occurring, as with all other valuations of properties, may be influenced by a broad range of factors, including recent property sales, current use and permitted use under the relevant local government's planning scheme, topography, its rural production and current market conditions. The location and scale of CSG infrastructure and its impacts are just one factor that can impact the valuation of a CSG affected property. The CSG activity itself may provide an alternative, or significant supplementary income source.

I am advised that there is currently insufficient sales data available in relation to the market impact of CSG activities on property values.

The *Petroleum and Gas (Production and Safety) Act 2004* and the *Petroleum Act 1923* provide for compensation where CSG activities are carried out on private land. These compensation arrangements are in place to ensure that landholders are not financially disadvantaged by activities being carried out on their property.

Under the petroleum legislation an authority holder has to pay compensation to each landholder within an authority area for any compensatable effects. Compensatable effects relate to the impact of the activities on the business operations of landholders. Compensation arrangements are established either through a compensation agreement between the parties; or in instances where agreement cannot be reached, the Land Court.

The *Petroleum and Gas (Production and Safety) Act 2004* certainly foresees the consideration of the effect on property values that CSG activities may have. One of the compensatable effects established under this Act is any impact on the value of the land.

In relation to compensation, under the *Petroleum and Gas (Production and Safety) Act 2004*, a landholder may seek compensation on the basis of devaluation of a property as part of a compensation agreement. To do this the landholder would have to establish the link between the CSG activities to be carried out on the property and the effect on the value of that property.