

QUESTION ON NOTICE

No. 1120

asked on Thursday, 10 June 2010

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

QUESTION:

As the banking industry is keenly watching the expansion of the Coal Seam Gas (CSG) industry and I understand they already hold great concerns for the many rural assets they hold mortgages over and as even a 10 per cent drop in valuation will have massive ramifications for landholders and their security—

Will he advise what measures are in place to compensate landholders and banks adequately should there be a drop in valuation due to the activities of CSG companies and their industry on their land?

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 property affected by CSG activity. The CSG activity itself may provide an alternative, or significant supplementary income source.

The *Petroleum and Gas (Production and Safety) Act 2004* and the *Petroleum Act 1923* provided 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. One of the compensatable effects established under this Act is any impact on the value of land.

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.

The legislative arrangements also protect the interests of a mortgagee where they have taken possession of the property.

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.