

Submission

Voluntary Land Acquisition and Mitigation Policy

From:

John George Kaye
350 Merriwa Road
Denman, NSW, 2328

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Dear Sir/Madam

I consider the new policy to be a step backward for land owners affected by extractive industries such as coal mining and coal seam gas. Since 1997 I have been a resident of the Upper Hunter Valley living on a property near Denman. In that time I have got to know people affected by being located close coal mines and being treated abysmally by coal mining companies.

I object to the proposed Policy and I also strongly object to the short timeframe allowed for comment on such an important policy. If the Government seriously cares about the communities affected by this Policy they would provide more time to respond. Many of us work full time and will have to write submission after hours. Others will miss out on the opportunity to respond due to the short time frame. Short time frames are used to rush policy through and are not democratic.

In summary here are my objections which I will elaborate on later in this submission.

1. The policy does not address compensation for years of living under or near an exploration licences.
2. The cumulated impact of this ownership is to destroy small communities.
3. The policy does not take into consideration compensation for the loss to business affected by extractive developments. Compensation does not cover relocation to an equivalent property, it does not provide for replacement value only current market value.
4. Economic Impacts. Both Exploration Licences and mining developments are subsidised by land owners and small communities through loss of value of capital and business opportunities.
5. Extractive industries like mining trump all other industries under this policy
6. Assessment criteria can be circumvented by offering land owners incentives to live under unhealthy conditions that do not comply with standards for air quality and noise.
7. The Policy will leave land owners holding stranded assets.
8. The removal of precautionary requirements for detailed assessment of gas exploration leaves communities unprotected.

Detailed Objections

1. The policy does not address compensation for years of living under or near an exploration licence.

Exploration licences have a significant impact on property values from the day they are made public. While land owners under the EL can get some minor compensation by providing access to their land and being compensated for exploration, land owners living adjacent do not get any consideration at all. The market for land under or near an EL is reduced to a few buyers, the miners and speculators.

The loss of value of land at this stage is effectively a subsidy of the mining exploration by the land owners under and near the EL. This situation may last for many years, as much as 15 years as Exploration licences are extended and become exploration leases.

During the EL stage, land owners do not invest in capital development as there is no point in developing land that they think is going to be acquired. For example, In the Yarrawa valley near Denman, land owners under and near the Yarrawa/Ferndale Exploration Licence have not proceeded with development applications and land improvements. Tourism Accommodation businesses in the have not expanded as planned. There is a net loss to businesses that would have constructed these developments or provided materials for the development.

2. The cumulated impact of this ownership is to destroy small communities. In the Shire of Muswellbrook more than fifty percent of rateable land (land that council rates are paid on) is owned by mining companies.

Small communities in both the Singleton and Muswellbrook Shires have disappeared or been decimated by mining projects. In the Wybong Valley land purchased by the mines have had any homes on the land demolished.

As homes are lost these communities are depopulated and loose community services, leaving those left behind with less services and community support. Business that support these small communities are impacted by the depopulation.

3. The policy does not take into consideration compensation for the loss to business affected by extractive developments

The policy does not explicitly compensate businesses. Indirectly the value of a business is picked up by the increased land value due to having an operating business on it. However, location near an exploration licence or extractive development will decrease the value of the land and the business.

There are three elements to a business:

- Fixed assets like buildings, sheds, irrigation that cannot be moved
- Moveable assets like stock and machinery
- Good will and Brand

Fixed assets are be picked up in compensation.

The moveable, good will and brand can be moved to another business location so they are not compensated. Even though a farmer can continue their business in a different location they experience disruption and loss of market share and good will that is not mentioned in this policy.

The policy must compensate people for the cost of moving the business, and additional costs associated. The policy must be wide enough to pick up these additional costs.

Here are some examples of how these costs to businesses are missed by the policy. When moving a farming operation planning costs and time delay can be considerable. A mushroom farm requires years of planning and negotiation with councils and consultation with the community for development approval. The same applies to a business like a piggery. Moving and finding a suitable location could be very costly and time consuming, with loss of market share a factor not compensated.

Increased costs of running in a different location are not compensated, ie having to send stock to market over greater distances or with different transport.

Compensation does not cover relocation to an equivalent property, ie replacement value rather than market value. Finding a suitable location nearby is difficult. As farming is crowded out by mines finding a suitable location that is not going to be mined and is suitable for the farming method is becoming more difficult to find.

Water licences on unregulated streams (not dammed) cannot be moved up stream, so farmers would have to source new licences if moving upstream or moving to a new unregulated water source. This results in an increased cost of water licence in new farming location that may not be anticipated at the compensation stage.

Farm enterprises are often split over several locations in proximity. Farms may have multiple locations that complement each other as part of one farm enterprise. Take one location out of the location and the other locations become devalued as the supporting land is lost. The mines will only buy one of the locations and leave the others stranded.

4. Economic Impacts. Both Exploration Licences and mining developments are subsidised by land owners and small communities through loss of value of capital and business opportunities.

Land is devalued from the date the Exploration Licence is granted. The long delay time, at least ten years from exploration to development, means that it is difficult to estimate what the land and businesses under the development area would have been worth had there been no development. This is in the favour of the developers, who will argue for lower valuations. This loss of capital is to the loss of the land holder and gain of the developer. Essentially the land holders subsidise the mining industries through this devaluation.

When land is acquired most of it is not utilised by the mining company and is not maintained. This further devalues surrounding land that is not in the acquisition zone but is affected by these poorly maintained properties. Feral animals and weeds become a more significant cost for those land owners remaining.

As community services and businesses are built on population growth, the depopulation will affect satellite businesses that were providing services and goods the land owners and businesses. These businesses are never compensated.

Moving may be economically unviable if a cost becomes more significant in the new location. This results in the loss of a business to the community, loss of an employer, and a loss to the local economy.

5. Extractive industries like mining trump all other industries under this policy

The primary consideration under this policy is the net benefit to the economy of the project. As the real costs to ALL land holders in the vicinity of the development are not considered the 'net benefit' is skewed in favour of the developers. As there is no definition of how 'net benefit' is calculated or assessed any net benefit relied upon is highly questionable.

6. Assessment criteria can be circumvented by developers offering land owners incentives to live under unhealthy conditions that do not comply with health standards for air quality and noise.

This policy gives the developers an 'out clause' in that mitigation can now be offered as an alternative to acquisition. This opens the way for projects to proceed without satisfying criteria for air and noise pollution if adjoining land holders agree to trade away their rights to these air and noise standards.

7. The Policy will leave land owners holding stranded assets.

While some land owners will move, those outside of the land acquisition zones will be forced to negotiate for mitigation measures. As mines are pushing for smaller acquisition zones more land owners are left affected by dust and noise without the option of voluntary acquisitions.

Dave and Edna Cray live 300 metres outside of the acquisition zone for Mangoola Mine in the Wybong valley. Dave and Edna are pensioners in their eighties. The dust and noise they endure is unacceptable.

The mine has mitigated the impacts by installing central cooling in their house. Dave and Edna cannot afford to pay the electricity bills and so still endure the dust and noise from the mine. The mine refuses to pay their electricity bills. In this case, mitigation has given the mine an easy 'out' as they continue to acquire their property. This situation is repeated around the Hunter Valley. People like Dave and Edna would like to move closer to medical services in their old age but cannot afford to as no one will buy their mine affected property. They are one of many land holders that are left holding stranded assets.

8. The removal of precautionary requirements for detailed assessment of gas exploration leaves communities unprotected.

The proposal to remove Clause 7 (2) (f) & (g) and (2A) from the Mining SEPP leaves land holders and communities unprotected.

These clauses ensure that development consent is required for unconventional gas exploration where there are more than five wells within 3km of one another, and for exploration in environmentally sensitive areas of State significance.

The detailed study and assessment of groundwater systems, their connectivity, recharge and discharge areas and association with the broader landscape is essential to fully understand any risk associated with unconventional gas exploration.

The proposed Review of Environmental Factors process and consideration by the Office of Coal Seam Gas will not deliver the recommendations of the Chief Scientist.

Only a development consent process, with an Environmental Impact Statement, engagement of the public and the Government agencies responsible for heritage, biodiversity, water and health, can deliver the required transparency, rigour and a full appreciation of the risks.

End of submission.