

FACT SHEET

Review of landholder benchmark compensation rates

Based on IPART *Issues Paper – Landholder benchmark compensation rates – Gas exploration and production in NSW*
20 April 2015

The Independent Pricing and Regulatory Tribunal (IPART) has commenced a review to recommend benchmark compensation rates for landholders hosting gas exploration and production in NSW. These benchmarks would provide a guide for landholders negotiating with existing licence holders, and also in the event that the freeze on new exploration licences is lifted in the future.

This fact sheet provides information about our review, including what we have been asked to do and our review process and timetable. It also outlines how stakeholders can participate and provide input to our review.

Figure 1 Overview of our review

IPART'S REVIEW

Landholder benchmark compensation rates for gas exploration and production in NSW

IS...

to recommend fair benchmark compensation for landholders negotiating to host gas development in NSW.

ISN'T...

- Assessing gas exploration licences
 - Enforcing environmental controls
 - Considering broader social or pricing impacts of gas development
- See the [NSW Gas Plan](#) for more information about how these issues are addressed.

OUR PROCESS AND OBJECTIVES

Guidance for landholders

Our goal is to provide a useful guide for landholders negotiating compensation with gas companies.



Sharing the benefits

We are required to consider how landholders can share the benefit of gas development under the NSW Gas Plan.



Seeking stakeholder comment

We're seeking stakeholder comment on what impacts landholders should be compensated for and how to value this compensation? See our [Issues Paper](#) for more



1 What have we been asked to do?

Our terms of reference ask us to recommend appropriate compensation benchmarks to support landholders in negotiating agreements with gas companies for hosting gas exploration and production. In particular, we are to develop an analytical framework for setting compensation benchmarks that can be updated annually.

The NSW Government intends that NSW landholders receive compensation that is at least as good as that received by other landholders in Australia who host gas development. In addition, the NSW Government intends that landholders share the benefits of gas development.

Importantly, there are a number of issues related to gas development that are outside the scope of our review. These issues include granting of gas exploration and production licences, environmental controls, extraction techniques and the impacts of gas development on local communities (Figure 1). More information on these issues is provided in the NSW Government's Gas Plan.¹

2 How will we conduct the review?

For this review, we will undertake our own research and analysis and conduct a public consultation process. We have recently released an issues paper as the first step in this process. The issues paper identifies the key issues on which we seek stakeholder comment and outlines our preliminary views where we have them.

We will release a draft report and draft recommendations in early September 2015, and seek further submissions before making our final recommendations and providing our final report to the Minister for Industry, Resources and Energy. Table 2.1 sets out the indicative timetable for the review. We will update this timetable on our website as the review progresses.

Table 2.1 Proposed timetable for the review

Milestone	Date
Release issues paper	20 April 2015
Submissions due	29 May 2015
Release draft report	Early September 2015
Hold public hearings	September/October 2015
Submissions due	October 2015
Provide final report to the Minister	By 30 November 2015

¹ <http://www.resourcesandenergy.nsw.gov.au/energy-supply-industry/legislation-and-policy/nsw-gas-plan>.

3 How can you have your say?

You can provide input to our review by:

1. **Making a submission.** All stakeholders are invited to make written submissions in response to our issues paper. We are seeking comment on the relevant impacts of gas development for which landholders should receive compensation, approaches to estimate the value of compensation for these impacts, and approaches to allow landholders to share the benefits of gas development. The issues paper is available on our website, www.ipart.nsw.gov.au and submissions close on **29 May 2015**. There will also be opportunity to make a submission to our draft report in September.
2. **Attending a public hearing.** We will hold public hearings in the Sydney area and in relevant country areas in September/October 2015 – to give stakeholders a further opportunity to provide input. Further details will be made available on our website.

You can also subscribe for updates on this review on our website, http://www.ipart.nsw.gov.au/Home/Footer_Links/Subscribe_for_updates.