

Supplementary Submission to the Independent Planning Commission

Narrabri Gas Project

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BASIS OF RESPONSE

In response to the Independent Planning Commission’s decision to re-open public comment in relation to new information it has received from Santos and the Department of Planning.

My response is related to insurance

As a concerned farmer located in the vicinity of the Narrabri Gas Project, one of my concerns is when the Narrabri Gas Project falls foul who will bear the true cost? Now and in 20 years when Santos has sold out to a smaller company who becomes bankrupt leaving an untenable position of environmental destruction that is no longer a commercial farming proposition and even less so a place to live with family.

To this end I asked our Insurance Broker directly and his response is contrary to that of Santos’s submission.

The detail is very concerning and in itself gives a fairly solid caution to all parties not to partake in any contracts without solid legal insurance advice. In summary the Insurers/ underwriters will not cover any of Santos’ risks under existing farm policies.

That their products were not designed to cover anything other than normal farm/ agricultural risk. A gas well or any such activity would be outside the realms of agricultural insurance and as such should be covered by Santos as industrial insurance. The onus will be on Santos to provide appropriate cover for all risks including environmental impairment. The detail is described in his words below:

Words directly from our Insurance Broker:

These follow discussions with representatives of the following farm insurers

IAG / CGU

Allianz

QBE

360 Farm & Regional

Ag Guard

Rural Affinity

Argis Insurance

Allstate Underwriting Agency

In general terms the farm insurance market whilst having no issues with Coal seam gas occurring on farm land, will not indemnify any claims arising from these activities. This is very clear in the sample wording I provided yesterday.

Mining

*Despite anything contained elsewhere in your policy, we will not cover your legal liability for **personal injury** or **property damage** caused by or arising from or in connection with the exploration, drilling, mining, fracking, development and/or production of minerals, mineral resources, oil and/or gas whether or not by you or on your behalf, or any liability for **personal injury** or **property damage** caused by or arising from or in connection with you being the property owner or occupier of land used for the exploration, drilling, mining, fracking, development and/or production of minerals, mineral resources, oil and/or gas regardless of whether such activities take place on, above or below the surface of such land.*

*Furthermore, this policy excludes any legal liability for **personal injury** or **property damage** arising from any liability assumed by you under contract with any party /legal person or entity undertaking exploration, mining, fracking, development and/or production of minerals, mineral resources and/or gas regardless of whether such activities take place on, above or below the surface of such land.*

Subject otherwise to the terms, conditions, General Policy Exclusions, specific exclusions and other exemptions and limitations contained in your policy.

Further from our Insurance Broker:

Farm Liability policies are priced as a whole to cover farm activities and mining / explorations is not a risk that has been priced into or will be covered by these products. Given the exposure of mining / Gas exploration I would also suggest that the standard Farm liability limits of \$10M or \$20M would be total inadequate even if cover was to be afforded by insurers.

The exposures from Coal Seam Gas exploration and mining are the risk of its proprietor Santos and as such any contract entered into by any landowner permitting access to land should ensure Santos has adequate insurance cover and is prepared to indemnify the landowner for any risks arising from their activities. This could be entered into contractually by requesting Santos include the landowner as a named insured on their liability cover indemnifying their interest as the owner of land. This should include but not be limited to Liability cover for environmental impairment as well as broad farm coverage for personal injury and property damage

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In respect of infrastructure Santos should show coverage in place for material damage to infrastructure owned by them. This cover should also include a waiver of subrogation rights to the landowner. The intent here is to prevent further litigation to the landowner if a well is physically damaged on the property. This will also provide certainty to whose responsibility protection of the infrastructure lies.

I am sure there are a myriad of other exposures that have not been addressed and given the short time to prepare a submission I have only touched on what I see as obvious exposures.

I would think a standardised approach to all contract would be prudent with a minimum level of protection built in.

It is undeniably clear that the matter of insurance cover at the cost of farmers who have any such exploration, drilling, mining, fracking, development and/or production of minerals, mineral resources, oil and/or gas whether or not by you or on your behalf, regardless of whether such activities take place on, above or below the surface of such land, is well and truly excessive to regular farm insurance and full consideration of the potential costs/damages vs perceived or contractual gains should be seriously weighed up following specialised legal advice.

As such appropriate Insurance cover as described by our broker should be provided and included in any such contractual arrangement with Santos by Santos and further should be legally tested, documented, peer reviewed and sighted before becoming a standard condition of operation prior to any commencement of the Narrabri Gas Project.

I appeal to you Commissioners to give this matter the due and appropriate consideration it deserves. If the likely risk of contamination of critically relied upon ground water or other such environmental degradation outlined as risks in the EDO submission was to eventuate deeming agricultural industry no longer possible, the cost would be more in the order of the farm value prior to any risks from Santos', including its ability to provide income, and capital growth as an intergenerational asset. The ability to mitigate that cost should be properly calculated and evidence provided to ensure Santos' capacity to do so either by way of industrial insurance for all Santos related activities, or by way of a bond that would extend for an unlimited life representing the time period that impacts could still be felt. Such risk or cost to make good (if there were such a thing) should not fall to the individual land owner or the tax payer either at the time of the activity or thereafter resultant from that activity. The timeframe of this is unknown as impacts are felt over extended periods of time, likely beyond the life of the extraction.

There are many examples in QLD of degradation of agricultural lands as a direct result of CSG activities, whereby the details of insurance and responsibility have not been properly considered prior and have resulted in individuals losing their agricultural asset with no means of recuperation. Many of which we have not fully heard about publically as

desperate farmers with no land or other skills are left at the mercy of Santos' nondisclosure agreements and payments.

You have the opportunity to uphold Australia's food and fibre farming interests in this very important and valuable broad acre land west of the dividing range. Please don't let what has happened in QLD be repeated diminishing our long term ability to provide food and fibre. This land is not unlimited.