

Chapter 4

Financial compensation and incentives to communities

4.1 This chapter explores the proposed financial compensation to be offered to the landowners of potential sites and money available to communities through the Community Benefits Programme and the Community Development Package.

Financial compensation to land owners

4.2 If a Minister declares land nominated under the *National Radioactive Waste Management Act 2012* (the Act) as the site selected for the NRWMF, the Commonwealth may acquire the land or extinguish or affect existing rights and interests. As a result, the Commonwealth is required to pay a reasonable amount of compensation.¹

4.3 The *Nominations of Land Guidelines* propose offering compensation to landholders determined by reference to the process for establishing 'land value' in the *Lands Acquisition Act 1989* plus a premium of three times that value to a landholder. This approach only applies to those holding freehold, a Crown lease or native title in the site selected for the NRWMF.²

4.4 DIIS indicated that one of the purposes of the offer of compensation is to generate a range of nominations from landholders. It also provides a landholder who is considering nomination with a clear and upfront understanding of the amount of compensation they will be offered if their land is selected.³

4.5 Further, DIIS submitted that:

...the approach taken in the Nomination Guidelines of offering to landholders a premium over and above land value is reasonable and appropriate because it recognises that land value by itself unlikely to satisfy the requirement to offer "a reasonable amount of compensation" as required under the Act, and accordingly seeks to wrap up other relevant compensation factors into a single figure.⁴

4.6 At the Canberra hearing, DIIS noted that the land value plus three times the land value was just an estimate and that, ultimately, it would be the landowner who would nominate the value of a compensation claim which would then be assessed by DIIS.⁵

1 Department of Industry, Innovation and Science, *Submission 40*, p. 9.

2 Department of Industry, Innovation and Science, *Submission 40*, p. 9.

3 Department of Industry, Innovation and Science, *Submission 40*, p. 9.

4 Department of Industry, Innovation and Science, *Submission 40*, p. 9.

5 Sam Chard, Department of Industry, Innovation and Science, *Committee Hansard*, 2 August 2018, p. 30.

Stakeholder comments

4.7 A number of stakeholders considered that the financial compensation offered to individual landowners to host the NRWMF was fair and appropriate.⁶ Some stakeholders even observed that the loss of land to host a facility has the potential to reduce productivity to a level in excess of the financial compensation.⁷ Indeed, the nomination of land could be considered to be altruistic given the relatively small amount of land required for the NRWMF and the disruption to existing farming operations.

4.8 Mr Andrew Baldock, one of the nominators of the site at 'Napandee', described the financial compensation offered by the Commonwealth:

...as being fair and equitable and very much in line with any agricultural land sales for alternative use such as residential or industrial developments.

As nominated landholders we understand the site will be positioned on the most suitable 100ha portion of the nominated land holding. This is likely to have a considerable impact on the efficiencies of our farming operations and as a result quickly eroding any economic gain from the land sale.⁸

4.9 Mr Andrew Baldock went on to conclude that:

This level of financial compensation is unlikely to be a driving factor for any nominating landholder especially in low value landholdings such as Kimba and Hawker. The 100ha site nominated equates to less than 1.4% of our farm operation, the sale of this land makes very little difference to our financial position.⁹

4.10 Similarly, Mr Brett Rayner, a nominator of the site at 'Lyndhurst', commented that 'It's never been about the money'.¹⁰

4.11 Mr Jeff Baldock indicated that:

It's about the future of our community...our driving motivation is that there will be a well-serviced town in this community for our grandkids and their kids and their grandkids to grow up in.¹¹

4.12 Mrs Heather Baldock outlined the potential employment prospects for young people:

6 See, for example, Jodie Joyce, *Submission 33*; Delores Wells, *Submission 48*; Melanie Orman, *Submission 77*; Jeffery Baldock, *Submission 39*; Janice McInnis, *Submission 4*; Donna Johnson, *Submission 27*; Denise Carpenter, *Submission 1*; Lyn and Claire Kemp, *Submission 88*; Annie Clements, *Submission 35*; and Robyn Stewart, *Submission 10*.

7 Jessica Morgan, *Submission 37*, [p. 1].

8 Andrew Baldock, *Submission 38*, [p. 1].

9 Andrew Baldock, *Submission 38*, [p. 1].

10 Brett Rayner, *Committee Hansard*, 5 July 2018, p. 12.

11 Jeffery Baldock, *Committee Hansard*, 5 July 2018, p. 12.

So many of our young people leave our community. It is well known that 30 per cent of [Eyre Peninsula's] young people leave to seek jobs and to seek other employment. To have additional opportunities for our youth, but also for other people who may wish to return to Kimba, is just a great thing. And these jobs will continue for many years. It's not a seasonal thing. In our community, we are heavily reliant on agriculture, in a low-rainfall area. Those of us who support this project see this as an opportunity to create some sustainability for us in the long term. It drought-proofs us to a certain extent, I guess. It is one of those opportunities that rarely come along that ensures our community continues to thrive and maybe even grow.¹²

4.13 Mr Ian Carpenter highlighted that the value of land around Hawker was relatively inexpensive, so the sale of land for the NRWMF was not seen as a financial motivation, even where compensation equated to four times the land value.¹³

4.14 Mr Bruce Wilson from DIIS supported this view:

I don't think it would be fair to characterise the compensation package likely to be paid out as a tremendous amount of money. The land values are probably, for 100 hectares, not that significant. Certainly one landowner has told me that the amount of money he expects to be paid—which he's happy to donate to agricultural research in the area—wouldn't cover his fertiliser bill for a year on his properties. This isn't a big money-spinner for these landowners.¹⁴

4.15 Other stakeholders objected to the proposal to pay landowners a multiple of the land value.¹⁵ The No Radioactive Waste on Agricultural Land in Kimba or SA group argued that:

When a landholder is receiving a financial incentive of 4 times the value of the land as well as compensation for land access through the site assessment stage it isn't a community volunteering.¹⁶

4.16 A number of submissions also outlined broader effects that could result in negative economic consequences:

- the loss of value to the spectacular tourist lands of the Flinders ranges;
- the damage to farming country near Kimba;
- the harm to below surface water tables;

12 Heather Baldock, Working for Kimba's Future Group, *Committee Hansard*, 5 July 2018, p. 27.

13 Ian Carpenter, Hawker Community Development Board, *Committee Hansard*, 6 July 2018, pp. 4–5.

14 Bruce Wilson, Department of Industry, Innovation and Science, *Committee Hansard*, 2 August 2018, p. 30.

15 See, for example, No Dump Alliance, *Submission 45*; No Radioactive Waste on Agricultural Land in Kimba or SA, *Submission 46*; and Australian Nuclear Free Alliance, *Submission 7*.

16 No Radioactive Waste on Agricultural Land in Kimba or SA, *Submission 46*, [p. 2].

- the adverse effect on the prices of livestock and crops, caused by proximity to radioactive waste; and
- the adverse effect on prices of land adjoining the site.¹⁷

4.17 Concerns were raised by various stakeholders that land could be nominated, with associated financial gain, by an absentee landlord:

ANFA [Australian Nuclear Free Alliance] is deeply concerned that, as in the case of the proposed site at Wallerberdina Station in the Flinders Ranges, a site may be nominated by an absentee landlord with no ties to the local community and apparently no concern for the division and stress that the decision creates.¹⁸

4.18 Similarly, the Conservation Council SA submitted that:

It is of deep concern that this person can receive financial gain for the siting of a radioactive waste facility which will impact the local community that he is not part of.¹⁹

4.19 Concerns were also raised that a former politician might financially benefit from the siting of a NRWMF on their land.²⁰

4.20 Some submissions argued for greater transparency around the financial incentives paid to land nominators.²¹ In relation to payments made to land nominators during the assessment phase of the site selection process, DIIS submitted that:

The only payment that is currently being paid to landholders is an ex gratia payment of around \$2500 as compensation for disruption at the site throughout the site selection process, resulting from activities such as: entering land—driving on, and flying aircraft over the site; constructing and rehabilitating bores; operating drills and collecting samples.²²

Committee view

4.21 The committee recognises that the Act requires the government to pay a reasonable amount of compensation to the person whose right or interest has been acquired, extinguished or otherwise affected.

4.22 The committee notes that it is unfortunate for a former politician, particularly one with significant exposure to the nuclear waste issues, to place the government in

17 See, for example, Josephite Justice Office, *Submission 68*; and Michele Madigan, *Submission 26*.

18 Australian Nuclear Free Alliance, *Submission 71*, [p. 3].

19 Conservation Council SA, *Submission 55*, p. 2.

20 See, for example, Ellenor Day, *Submission 67*; Leszek Gaweda, *Submission 54*; Katrina Bohr, *Submission 59*; Dave Ferguson, *Submission 106*; and Everybody for a Nuclear Free Future, *Submission 109*.

21 See, for example, No Radioactive Waste on Agricultural Land in Kimba or SA, *Submission 46*; Darren and Kellie Hunt, *Submission 80*; and Cameron Scott, *Submission 18*.

22 Department of Industry, Innovation and Science, *Submission 40*, p. 10.

the invidious position of deciding whether he should receive financial compensation for hosting a NRWFMF on his property, thereby further politicising an already contentious process.

4.23 The committee considers that the proposal to compensate the landholder at four times the value of the land is appropriate given that the location of a NRWFMF has the potential to reduce the efficiency and effectiveness of any farm operations on the remaining landholding. The committee does not consider that the proposed financial compensation, even at four times land value, has been a strong motivational factor in landholders seeking to nominate sites to host a NRWFMF.

4.24 That said, it will be landowner that ultimately negotiates a price with the government for any land to be acquired for a NRWFMF. As such, the committee considers that an independent valuation of the land be undertaken to ensure that the financial compensation is consistent with the original proposal to compensate the landholder at four times the value of the land.

Recommendation 3

4.25 The committee recommends that the government undertake an independent valuation of the land to be acquired to ensure that the financial compensation is consistent with the original proposal to compensate the landholder at four times the land value.

Financial incentives to communities

4.26 The Community Benefits Programme (CBP) was established in response to community feedback that indicated the site selection process causes short-term disruption.²³ According to DIIS:

The CBP was established for the second phase of the project after communities have indicated they wish to proceed in the site selection process, the Minister has accepted the nomination, and where technical assessments and community engagement activities are being conducted. The CBP provides grants to potential host communities which have progressed to being shortlisted as part of the site selection process. The projects funded under the CBP must demonstrate that they will have a social and economic benefit to the local communities with any programme evaluation that is undertaken to be assessed in accordance with established guidelines on this basis. The assessment process includes input from the local consultative committees.²⁴

4.27 DIIS indicated that there has never been any intention to measure whether the CBP affects community sentiment. That said, DIIS commented that:

...people consistently take a long term perspective in assessing the merits of the Facility for their community and that...people do not see the fund as

23 Department of Industry, Innovation and Science, *Submission 40*, p. 12.

24 Department of Industry, Innovation and Science, *Submission 40*, p. 12.

a material consideration influencing overall community support for the Facility.²⁵

4.28 The CBP is delivered by AusIndustry, thereby maintaining arms-length independence from the NRWFMF project team to avoid any perception of conflict of interest in administering grant payments and to avoid any perception that the project team is using the CBP to influence community relationships.²⁶

4.29 To date, \$4 million has been provided to projects in the Hawker community, while \$2 million has been provided to projects in Kimba.

4.30 DIIS considers that the CBP has been developed with regard to international experience which recognised the importance of supporting regional needs in a way that is seen at a local level to be fair and reasonable.²⁷

4.31 In addition to the CBP, the government announced on 23 July 2018 that a Community Development Package (CDP) of \$31 million will be available to the community successfully chosen to host the NRWFMF. The CDP will consist of:

- an \$8 million Community Skills and Development Program, delivering grants over the four year licencing and construction period to maximise the community benefits from the construction and operation of the Facility;
- an increased \$20 million NRWFMF Community Fund, to deliver long term infrastructure and development benefits to the community; and
- up to \$3 million over three years from the government's Indigenous Advancement Strategy to strengthen Indigenous skills training and cultural heritage protection in the successful community.²⁸

Stakeholder comments

Community Benefits Programme

4.32 Submitters involved in the Independent Assessment Panel provided some justification for the CBP. Dr Ben Heard was supportive of the concept in building trust within the community:

Delivering the community benefit fund and facilitating prompt assessment and funding of projects is a tangible demonstration of trustworthiness. Trust is essential for building community confidence.²⁹

25 Department of Industry, Innovation and Science, *Submission 40*, p. 12.

26 Department of Industry, Innovation and Science, *Submission 40*, p. 13.

27 Department of Industry, Innovation and Science, *Submission 40*, p. 12.

28 Department of Industry, Innovation and Science, '\$30 Million+ Community Development Package for successful National Radioactive Waste Management Facility Location', *Media Release*, 23 July 2018, <http://www.radioactivewaste.gov.au/news/30-million-community-development-package-successful-national-radioactive-waste-management> (accessed 30 July 2018).

29 Bright New World, *Submission 15*, p. 5.

4.33 Professor Peta Ashworth noted that the competitive process of the CBP and the input of the Consultative Committee in each respective community helped to facilitate the fair distribution of the benefits package in an open and transparent manner.³⁰

4.34 Some stakeholders did not consider the CBP to have influenced opinion.³¹ For example, Mr Matthew and Mrs Megan Lienert submitted:

...we believe although the community benefit program is a welcome addition to the process we do not believe that people have based their support or non-support on this program.³²

4.35 Similarly, Mr Daryl Koch considered that:

The community benefit program is an added bonus for being in the process and will benefit many community projects...We are all smart enough not to vote yes to have the facility built in our district for the promise of money.³³

4.36 Mrs Heather Baldock outlined the benefits of the CBP to the Kimba community:

...whether or not we go ahead with the facility, being able to access the community benefit program through AusIndustry, the \$2 million that came to our community—we are a small community and we do often have trouble attracting funds—in itself was a huge boon to our community. Thirty-three different projects actually got funding through that, ranging from health through to social to sporting to economic benefits.³⁴

4.37 Similarly, Mrs Chelsea Haywood considered that the CBP in Hawker had been ideal for community groups:

We're a small community; it's always the same people digging into their pockets to help these groups. It gave them another outlet to get some funds to do things that might take this community 10 to 20 years to get.³⁵

4.38 However, other stakeholders believed that the CBP had influenced community opinions.³⁶ For example, Mrs Barbara Walker noted the division within the community associated with the CBP:

30 Professor Peta Ashworth, *Submission 52*, p. 4.

31 See, for example, Melanie Orman, *Submission 77*; Andrew Baldock, *Submission 38*; Delores Wells, *Submission 48*; and Katrina Koch, *Submission 28*.

32 Matthew and Megan Lienert, *Submission 53*, [p. 3].

33 Daryl Koch, *Submission 75*, [p. 2].

34 Heather Baldock, Working for Kimba's Future Group, *Committee Hansard*, 5 July 2018, p. 27.

35 Chelsea Haywood, *Committee Hansard*, 6 July 2018, p. 11.

36 See, for example, Anna Taylor, *Submission 82*; No Radioactive Waste on Agricultural Land in Kimba or SA, *Submission 46*; Cameron Scott, *Submission 18*; Toni Scott, *Submission 44*; and Michele Madigan, *Submission 26*.

Many think the Community Benefits Program is divisive and creates an impression of bribery. Some businesses needing monetary assistance, regardless of their 'for' or 'against' opinions, are happy the money has been offered and therefore feel it is up for the taking. Others refuse to apply as they regard it as bribe money.³⁷

4.39 Mr Bob Tulloch raised concerns about the distribution of CBP grants in the Hawker region:

Everyone living in this area is aware of the social disruption this process has caused. The community's contribution has come at a high cost. Therefore, if there were to be any benefits arising from this process, such as the Community Benefits Grants, you would like to believe that the DIIS would want to act true to their words in the above statement, and make sure all community benefits grants, would be distributed evenly across the whole community.

Sadly, this is not the case, with 72% of all funding from both grants (over \$4m) being directed into the Hawker Community.³⁸

4.40 The Australian Nuclear Free Alliance noted that:

In areas struggling for funding for basic access to and upgrades of facilities, it is highly likely some community members will be swayed by income they would not otherwise receive.³⁹

4.41 ATLA discussed the impact of the CBP on their community:

The "community benefit program" has been a disaster for our region. It has caused a great deal of stress and arguments. ATLA was harassed for support letters from non-Aboriginal groups and individuals who wanted to access these funds and they thought having our support would assist them.⁴⁰

Community Development Package

4.42 Some stakeholders were sceptical regarding the government's announcement of the \$31 million CDP just one month before the final community sentiment vote.

4.43 The Flinders Local Action Group asserted that:

On the 23rd July, the Minister announced an increased benefit package, totalling \$31 million, for the community that is selected to accept the waste facility. This came on the morning of the deadline set by both the Kimba and Flinders Ranges Councils to accept a role in administering the community vote on the NRWFMF, set for the 20th August. Both Councils had agreed to assist on the condition that the Department provided more information to the public to help people with their decision.

37 Barbara Walker, *Submission 20*, p. 2.

38 Bob Tulloch, *Supplementary Submission 87.1*, p. 2.

39 Australian Nuclear Free Alliance, *Submission 71*, [p. 6].

40 Adnyamathanha Traditional Lands Association, *Submission 42*, [p. 5].

The increase in the benefit package arose from the Kimba Council's dis-satisfaction with the original, one-off, offer of \$10 million to the selected community. Kimba's position was that the amount, and conditions on how this money was to be administered and distributed, was greatly inadequate. This new offer, although tripled, stills falls short of what Kimba Council requested in a letter to then Minister Frydenburg on December 16th 2015.⁴¹

4.44 The Flinders Local Action Group went on to conclude that:

This \$31 million offer to the selected community, coming as it did, on the day of both Council's deadline, is viewed with a great deal of cynicism. On the same day, the Department posted links on their website to 18 Factsheets and 8 Reports. It is assumed that these were also provided to the respective Councils to fulfil the 23rd July deadline.⁴²

4.45 The Azark Project was vehemently opposed to the increased compensation:

The increased compensation payments for a total of \$31 million now announced by the federal government are inappropriate and should not be necessary to get sufficient approval from the community of the regions where the facility will be located.⁴³

Committee view

4.46 The committee is cognisant of the impact that the site selection process has had on the communities of Kimba and Hawker. The committee considers that the CBP was an appropriate compensation initiative which has funded a variety of projects in both regions that would have otherwise not been readily realised. Delivery of the programme through AusIndustry has achieved arms-length independence and there is no evidence that program has influenced community sentiment.

4.47 The committee notes the government's increased commitment, from \$10 million to \$31 million, to the community in which a NRWMF is operational. Again, the committee does not consider that the CDP has influenced community support for a NRWMF as it appears the vast majority of community members have already made their decision.

41 Flinders Local Action Group, *Supplementary Submission 73.2*, p. 2.

42 Flinders Local Action Group, *Supplementary Submission 73.2*, p. 2.

43 Azark Project, *Submission 110*, p. 2.

