

27/6/2014

Mr M. Moraza
Group General Manager Upstream Gas
AGL Energy Limited
Level 22
101 Miller St
North Sydney NSW 2060

Re: CSG Land Valuation Report

Dear Sir,

We write to you following your reference and advertising related to the report prepared by the Valuer General dealing with the possible impact of CSG mining on land values.

We refer to the report titled "Study on the impact of the CSG Industry on land values in NSW", dated 14 February 2014.

Your media release is self-serving in positioning your CSG project as not impacting Broke/Fordwich and Bulga property values. Your announcements further downgrade the view taken by the community of your CSG activities.

The attempt to use the report to "justify" your activities fails due to 2 issues:

1. AGL appears to have been extremely selective as to the parts of the report it has made reference to and totally disregarded the advice in the report that the low level of market evidence limited the extent to which conclusions could be drawn from the study. We accept that there have been low levels of sales, which makes conclusions difficult to draw. We also reflect that this may be caused by the presence of the AGL project and the impact that has on buyer behaviour.
2. The report itself fails in its level of professionalism expected from a Government Department. While this is not an AGL issue, it again reflects negatively on you in that senior staff within your company appears to have failed to understand the deficiencies in the document.
3. The HVPA took advice from local property valuer Dennis Eldridge (with over 30 years experience) who advised that "As for the sales data relied upon in the Valuer

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General's report, there were only a few sales for analysis and most of the sold properties in the Gloucester area which were included had been bought by AGL or other mining interests which make them unreliable figures to quote to represent future property values in the Hunter."

We want to highlight the actual impact of your CSG activities, rather than the fictitious position you would prefer to advocate:

1. The Singleton LGA in 2010 had properties valued by the Valuer General of \$2.48b, and by 2014 that figure had increased to \$2.66b - an increase of \$180m or approximately + 6.7%.
2. We invited some hundreds of HVPA members to confidentially report the VG assessment of their property for the last 2 periods. That picked up the majority of the period that AGL had been active in the Hunter Wine Tourism area, and was before the NSW Government declared the CSG exclusion zones. Our members reviewed their individual Land Valuation certificates provided to them by the NSW Government Valuer General and used by councils in assessing rates on their property. We then analysed the changes in year to year property values shown by these certificates, and determined an average movement in land values related directly to HVPA member parcels of land in your specific Broke to Bulga project area. We were surprised that the Valuer General's report team didn't also undertake such a simple analysis given they had access to all the detailed property valuation data and should have been able to overlay the cadastre of your project across the properties affected.
3. Compared to the increase in value experienced in the Singleton LGA of +6.7%, the specific data we gathered from member's Land Valuation certificates related to properties within the Broke to Bulga AGL proposed CSG mining project showed that the Valuer General had reduced in value all properties by an average of -11.65%, (the range of the decline in values was from -2% to -31%). **Our sample therefore showed that the property values affected by your project area on average amounted to a difference of 18.35% to those in the wider LGA! Surely that is significant, and must show the impact of your potential project before the Viticulture Critical Industry Cluster and Village exclusion zones came in to place.**

In summary, while the VG could find little sales evidence to assist their study they at the same time applied a serious discount to the vast majority of properties with the CSG exploration area.

We have previously written to you with statements from local land valuation experts who attest that your CSG projects commencing in the Pokolbin and Broke through Bulga areas have negatively impacted on property values, the overall attractiveness of the area, and the ability of existing owners to sell properties at all, or without significant discount to the price asked.

It's also important to remember the key role played by perception, and the impact that has on future prices, even though it's not able to be measured in quantitative form. AGL would be

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well aware of this and it is obvious that AGL has just chosen to focus exclusively on one narrow aspect of the report.

In summary it is the request of the HVPA and the community that AGL cease to promote "mischief or misleading statements" and apologise to the community for its behaviour.

We await your further action on the matter.

Yours sincerely,

Stewart Ewen for the HVPA

Ian Napier for the HVWTA

Cc. Alison Crocker – AGL Community Relations Manager

Margaret MacDonald-Hill – Chair AGL Hunter Gas Projects CCC

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