



Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Australian Labor Party
 Date Referred: 9/01/2015

Proposal No: A067
 Date Published: 23/03/2015

Proposal Title: **LABOR'S PLAN TO RETURN GOAT ISLAND TO ITS TRADITIONAL OWNERS**

Cluster: Education and Communities

General Government Sector Impacts

	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	4 Year Total \$'000
Expenses (ex. depreciation)	2,200	(162)	(166)	(170)	1,702
Depreciation		(50)	(50)	(50)	(150)
Less: Offsets					-
Revenue		(294)	(301)	(309)	(904)
Net Operating Result:	(2,200)	(82)	(85)	(89)	(2,456)

Capital Expenditure					-
Capital Offsets					-
Capital Expenditure:	-	-	-	-	-

Net Lending/(Borrowing):	-	(132)	(135)	(139)	(406)
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Net Financial Liabilities:	-	132	267	406
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Total State Sector Impacts

Net Financial Liabilities:	-	132	267	406
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Notes and costing assumptions

The return of land to its traditional owners is assumed to occur via transfer to NSW Aboriginal Land Council for nominal consideration of \$1 on 30 June 2015. This is the usual mechanism for such transfers of property outside the sector. On the date of transfer, the State would account for the transfer as a capital grant, impacting expenses. Based on the current carrying value of Goat Island, this expense would be \$2.2 million. However, the formal valuation process undertaken prior to transfer could result in an expense higher or lower than this amount.

Goat Island needs maintenance and conservation work to meet minimum standards under the *Heritage Act 1977*, which is estimated at \$8m. However, these costs are excluded from the costing because the transfer is assumed to occur in current condition and the policy states that arrangements for upkeep and maintenance will be determined in consultation with the Aboriginal community and other stakeholders after forming government. As such, a reliable estimate of the State's contribution, if any, towards required work cannot be made.

The Office of Environment has estimated the costs associated with facilitating the transfer at \$1million and include financial advice, valuations, contracts, site assessment and public consultation. These costs are assumed to be met from the Office of Environment's existing budget allocation.

After transfer, revenues and expenses associated with the property would no longer be recognised. This includes:

- revenue of \$294,000 per annum in 2015-16 and indexed by 2.5% in later years
- maintenance expenses of \$162,000 per annum in 2015-16 and indexed in later years

Costing assumptions continued:

- depreciation expense of \$50,000 per annum which does not impact Net Lending/Borrowing