



Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Australian Labor Party
 Date Referred: 12/03/2015

Proposal No: A340
 Date Published: 23/03/2015

Proposal Title: **STOP WALLARAH 2 MINE**

Cluster: Trade and Investment, Regional Infrastructure and Services

General Government Sector Impacts

	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	4 Year Total \$'000
Expenses (ex. depreciation)					-
Depreciation					-
Less: Offsets					-
Revenue					-
Net Operating Result:	-	-	-	-	-

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

Net Lending/(Borrowing)	-	-	-	-	-
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Net Financial Liabilities:	-	-	-	-	-
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Total State Sector Impacts

Net Financial Liabilities:	-	-	-	-	-
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Notes and costing assumptions

The policy proposes to enact legislation to permanently ban the Wallarah 2 coal mine, with legislation designed to exempt the NSW government from making any compensation payments. The PBO has received legal advice that the NSW Parliament has the power to enact such legislation.

The policy is estimated to have no budget impact as the forward estimates do not contain potential royalties from projects which have yet to be approved, such as the Wallarah 2 coal mine. Nevertheless, there is a strong likelihood that royalties will be lower than they would otherwise have been if the mining operations had occurred.

Although legislation to exempt the State from any compensation payments could be enacted, it is likely to be subject to legal challenge. The costing makes no allowance for compensation which may be payable if a challenge is successful because Australian Accounting Standards, which are used in the preparation of the NSW Budget Papers, treat possible obligations, whose existence will only be confirmed by uncertain future events, as contingent liabilities. Contingent liabilities are not recorded until there is certainty that the liability will arise and can be reliably quantified.

No costs are included for potential flow on effects, such as increase in sovereign risk, economic costs to NSW and reduction in state taxes as a result of lower mining investment and activity. Such effects are not readily quantifiable.