

MINISTER FOR MINERAL RESOURCES

OVERVIEW

<i>Agency</i>	<i>Budget 2003-04 \$m</i>	<i>Budget 2004-05 \$m</i>	<i>Variation %</i>
Coal Compensation Board			
Total Expenses	3.9	4.4	12.5
Asset Acquisitions	0.1	0.1	-10.0
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The Minister for Mineral Resources is responsible for the administration of legislation related to the State's mining and mineral exploration industries. The expenditure associated with these responsibilities is contained in the financial information of the Department of Primary Industries, which will be created from 1 July 2004 by amalgamating the functions now carried out by NSW Fisheries, the Department of Agriculture, the Department of Mineral Resources and State Forests.

COAL COMPENSATION BOARD

The Coal Compensation Board is responsible for the acquisition of, and compensation for, private coal in New South Wales. This work is conducted through four programs. These are the Compensation Scheme for private coal acquired in 1981, the Reacquisition Scheme for private coal acquired after 1997, the Voluntary Acquisition Scheme for coal bought from private owners and the Coal Restitution Scheme for former owners preferring the return of coal rights to compensation under the Compensation Scheme. The Board is a sunset organisation whose work will cease once all claims are settled.

Most of the remaining work involves the assessment of applications for compensation in a Reacquisition Scheme for coal re-acquired under the *Coal Acquisition (Reacquisition Arrangements) Order 1997*. Apart from native title claims and claims by Local Government Councils for lost rates, most of the work in the Compensation Scheme was finalised some years ago.

EXPENDITURE TRENDS AND RECENT DEVELOPMENTS

Royalties are received by the State on coal which was formerly privately owned. The State has an obligation to pay compensation to the former owners. Lump sum compensation is paid on claims finally determined while interim compensation is paid on claims whose determination is delayed for some reason. As at March 2004, total compensation paid by the Board is \$629 million. During 2003-04, finalisation of compensation applications under the Reacquisition Scheme was delayed by litigation on the meaning of just and equitable compensation in the 1997 Reacquisition Arrangements. Determination of over 120 other claims has been delayed until this issue has been resolved.

The Board received capital funding supplementation of \$0.1 million in 2003-04 for the implementation of a new database and for the replacement of obsolete computer equipment.

STRATEGIC DIRECTIONS

In March 2004, the Court of Appeal gave its decision in the test case on the meaning of just and equitable compensation. This issue will not be concluded until early in the 2004-05 financial year.

2004-05 BUDGET

Total Expenses

It is estimated that \$30 million of coal compensation will be paid in 2004-05. This will reduce liabilities raised in previous years. It is not expected that any new claims to pay compensation will be received. Administrative expenses in 2004-05 are estimated at \$4.4 million.

Asset Acquisitions

The Board has been allocated \$90,000 for the replacement of office equipment and the completion of the implementation of a new database.