

# MINISTER FOR MINERAL RESOURCES

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## OVERVIEW

<i>Agency</i>	<i>Budget 2004-05 \$m</i>	<i>Budget 2005-06 \$m</i>	<i>Variation %</i>
<b>Coal Compensation Board</b>			
Total Expenses .....	4.4	9.5	215.8
Capital Expenditure .....	0.1	0.1	...
<b>Total, Minister for Mineral Resources</b>			
Total Expenses .....	<b>4.4</b>	<b>9.5</b>	<b>215.8</b>
Capital Expenditure .....	<b>0.1</b>	<b>0.1</b>	<b>...</b>

## 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 under four schemes. 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 assessing applications for compensation in the Reacquisition Scheme for coal re-acquired under the *Coal Acquisition (Reacquisition Arrangements) Order 1997*. Apart from Native Title claims, most of the work flowing from 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 whilst interim compensation is paid on claims where determination is delayed for some reason. As at March 2005, total compensation paid by the Board was \$658.2 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. This matter is now decided. As a result the Board's liability increased significantly.

In April 2005, the Government introduced the *Coal Acquisition (Fair Compensation) Bill* to amend the *Coal Acquisition Act 1981* to ensure that compensation payments to all claimants are fair and consistent. The Bill will also determine the final level of the Board's compensation liability. The revised expenses for 2004-05 reflect the net movement in the liability in 2004-05, including an adjustment for the Bill's expected impact on the liability.

## **STRATEGIC DIRECTIONS**

The Board has recently co-located most of its operations with the Department of Primary Industries Mineral Resources Division in Maitland.

The Board has embarked on a program to accelerate the payment of compensation and wind up the balance of claims so far undetermined. The Government has provided \$13.8 million over two years to achieve this goal by March 2007.

The majority of these additional funds will be used to increase staffing levels, mainly in Maitland. Total staffing is expected to increase to 66 in 2005-06.

## **2005-06 BUDGET**

### **Total Expenses**

It is estimated that \$45 million in coal compensation payments will be made in 2005-06. It is not expected that any new claims to pay compensation will be received. Administrative expenses in 2005-06 are estimated at \$9.5 million.

### **Capital Expenditure**

The Board has been allocated an additional \$0.1 million capital funding over two years to meet increasing staffing requirements. This additional funding will be spent mainly on computer equipment and furniture for new staff in Maitland and Sydney.