



## PARLIAMENTARY BUDGET OFFICE

NSW Parliament • Parliament House, Macquarie Street Sydney 2000

**Referred by:** Australian Labor Party      **Proposal No:** C967-2  
**Date Referred:** 27/01/2023      **Date Published:** 20/03/2023  
**Proposal Title:** Establish a Great Koala National Park  
**Cluster:** Planning and Environment

### General Government Sector Impacts

	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	2025-26 \$'000	4 year Total \$'000
Expenses (ex. depreciation)	250	8,447	14,815	18,135	41,647
Depreciation			313	361	674
Less: Offsets					-
Revenue					-
<b>Net Operating Balance:</b>	<b>(250)</b>	<b>(8,447)</b>	<b>(15,128)</b>	<b>(18,496)</b>	<b>(42,321)</b>

Capital Expenditure	-	7,220	9,870	21,270	38,360
Capital Offsets		15,917	24,685	39,405	80,007
<b>Net Capital Expenditure:</b>	<b>-</b>	<b>(8,697)</b>	<b>(14,815)</b>	<b>(18,135)</b>	<b>(41,647)</b>

<b>Net Lending/(Borrowing):</b>	<b>(250)</b>	<b>250</b>	<b>-</b>	<b>-</b>	<b>-</b>
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### Total State Sector Impacts

<b>Net Lending/(Borrowing):</b>	<b>(250)</b>	<b>250</b>	<b>-</b>	<b>-</b>	<b>-</b>
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### Notes and costing assumptions:

The policy proposes the establishment of a Great Koala National Park (GKNP) in the Mid North Coast of NSW, between Port Macquarie and Coffs Harbour. The policy commits a capped funding of \$80 million and this funding will go towards park establishment, a koala tourism and care facility, comprehensive consultation, and impact assessment on the timber industry.

The policy assumes that the \$80 million funding will be offset with available monies from the Snowy Hydro Legacy Fund (SHLF). Based on advice from Treasury, the fund has provisioned and unallocated capital expenses that exceed \$80 million over the forward estimates. Accordingly, it is possible to draw on these funds for the proposed policy without affecting net lending. However, the proposed policy includes operating expenditure, thus some reallocation of the capital provision to operating expenditure will be required.

Further, based on Treasury advice, there is no provision in 2022-23. The Parliamentary Budget Office (PBO) assumes that the cost in 2022-23 will be offset by reallocated funds from the provision in 2023-24, thereby making the total budget impact over the forward estimates still zero.

## Notes and costing assumptions continued:

The PBO notes that compensation costs may arise from the proposed park's impact on the North Coast state forest native logging industry. It could be possible to minimise these costs through design, siting, and limiting the size of the proposed park. In this costing the PBO assumes this is a zero cost, but there is a risk that a suitable configuration of the park to realise this assumption would not be possible.

### Key Assumptions

#### Capital expenditure

- The costing does not include any property acquisition costs as the exact park location has not yet been identified.
- The capital expenditure relates to costs of park establishment and includes a National Parks and Wildlife Service (NPWS) field office and depot, multi-purpose visitor centre and koala care facility, signage, fencing, additional firefighting vehicles, and road upgrades. A 20 per cent contingency is also included based on advice from DPE.
- Additional funding may be required for road upgrades depending on the final location of the park. NPWS advised that it costs about \$150,000 to replace an old timber bridge and about \$4,000 per kilometre to upgrade pavement/drainage.

Table 1. Estimated capital expenditure per year over the forward estimates

Capital expenditure (\$'000)	2022-23	2023-24	2024-25	2025-26	4-year Total
Visitor centre, koala care facility, NPWS field office and depot		2,000	7,500	17,000	26,500
Signage and fencing		250	725	725	1,700
Firefighting vehicles		1,417	-	-	1,417
Road upgrades		2,350	-	-	2,350
Contingency (20%)		1,203	1,645	3,545	6,393
<b>Total capital</b>		<b>7,220</b>	<b>9,870</b>	<b>21,270</b>	<b>38,360</b>

- The costing excludes any upgrades to existing visitor infrastructure, building of new iconic visitor experiences, walking tracks, and camping and day use facilities. If these were to be built, additional funding would be required.
- The costing includes depreciation for vehicles based on a useful life of seven years, signage and fencing based on a useful life of 15 years, and road upgrades based on a useful life of 25 years. Depreciation for buildings is assumed to occur beyond the forward estimates.

#### Labour expenditure

- The costing includes 96 Department of Planning and Environment (DPE) staff to be hired progressively from 2023-24 to establish and support the koala national park (see Table 2).
- Costs are escalated based on the NSW Public Sector Wages Policy.
- Ongoing costs will be incurred for DPE staff beyond the forward estimates.

#### Other operating expenditure

- DPE advised that annual operating costs for the new koala care facility are approximately \$500,000, escalated by CPI, and will be ongoing.
- Maintenance costs for visitor infrastructure is estimated at 2.7 per cent of capital costs.
- The costing assumes that community and industry consultation will occur from Quarter 4 in 2022-23 to Quarter 1 in 2023-24. The Department of Regional NSW (DRNSW) estimates this to cost \$500,000 over two years.
- The cost of assessment of forests is estimated at \$3 million over two years based on previous costing advice prepared by the PBO in 2019, adjusted for inflation.
- DPE has advised that for a 176,000-hectare koala park, there would be additional operating costs involved in risk assessments, enhanced feral animal control, road maintenance, weed control, fire management and plantation rehabilitation. These amount to some \$3 million per year. If the final

## Notes and costing assumptions continued:

park configuration is smaller than 176,000 hectares, it is likely that costs would be lower. The PBO assumes these costs could be covered by the funding for additional staff and operating costs already included in the costing.

*Table 2. Estimated operating expenditure (excluding labour) per year over the forward estimates*

	2022-23	2023-24	2024-25	2025-26	4-year Total
No. of staff (cumulative)		36	72	96	96
Employee related costs (\$'000)	-	6,109	12,523	17,115	35,747
<i>Add: Other operating costs (\$'000)</i>	-	-	-	-	-
Koala centre	-	535	550	565	1,650
Visitor infrastructure maintenance costs	-	54	201	455	709
Community and industry consultation	250	250	-	-	500
Assessment of forests	-	1,500	1,541	-	3,041
<b>Operating costs (excluding depreciation)</b>	<b>250</b>	<b>8,447</b>	<b>14,815</b>	<b>18,135</b>	<b>41,647</b>

### Caveats

#### *Potential revenue impacts*

The costing does not account for potential revenue impacts, both negative and positive, as they cannot be reliably estimated without detailed technical assessment.

DPE advised that there is possible revenue from the sale of Australian Carbon Credit Units or biodiversity credits under the Biodiversity Offset Scheme. However, a detailed assessment needs to be made to estimate sales revenue. Further, there is possible visitor revenue that may help offset some of the operating costs if the Government decides to charge a fee to enter/visit the park.

On the other hand, depending on the potential impact on logging industry, there may be loss of revenue from timber royalties per year as a result of a reduction in sawlogs and poles.

There is likely to be loss of revenue from game hunting licenses. These licenses cost \$75 each; DRNSW has advised that there are 1421 North Coast residents with a game hunting license. If half do not renew, then there will be a revenue reduction of about \$53,000 per year.

#### *Changes to legislation*

The PBO notes that this policy would likely require changes to legislation. The PBO considers reviews of legislative changes to be part of core agency activities and therefore no cost for this has been included in the costing.