

Review of responses to advice on the economic assessment
of the Vickery Extension Project

NSW Department of Planning

A Marsden Jacob Report

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Response

We note the responses of AnalytEcon to our previous advice. On the whole they are likely to meet the requirements of the guidelines – though the additional information we suggest below would nonetheless provide further valuable insight on the merits of the mine extension.

Responding to initial comments

We note the responses to our previous advice.

We observe on the whole they are likely to meet the requirements of the guidelines – though the additional information we suggest would nonetheless provide further valuable insight on the merits of the mine extension.

In particular, our view is there is greater rigour in the application of Computable General Equilibrium (CGE) analysis than input-output assessments. This is because input-output methods relied on by AnalytEcon overstate the flow-on impacts through the economy and they are also silent on the opportunity costs of resources to the wider economy.

The consideration of these factors appears to be of lesser significance in the Guidelines to what might be normally considered in a whole of economy benefit cost assessment given that the focus of the guidelines is primarily on NSW.

Accounting for the impact of transportation

We also note the comments of the Panel in relation to the cumulative impacts of the project on the other mines and the subsequent economic effect of the mine on State revenues. Based on the additional information provided in our view the response of AnalytEcon has helped address these concerns and this could be further supported by AnalytEcon demonstrating more explicitly in the tabulation of economic impact that there are no opportunity costs either to the state, or from the Tarrawonga mine using the rail facility.