



# **AUSTRALIAN CAPITAL TERRITORY**

## **SUBMISSION TO THE COMMONWEALTH GRANTS COMMISSION'S STAFF DISCUSSION PAPER 2007/16-S: *ASSESSING OTHER SERVICES FOR THE 2010 REVIEW***

**October 2007**



## VIEWS ON THE COMMISSION'S ASSESSMENT PROPOSALS

### National Parks

The ACT continues to oppose assessing *National Parks and Wildlife* disabilities on an equal per capita (EPC) basis within the *Other Services* category given the distinct and significant disabilities faced by some jurisdictions such as Tasmania, the ACT and the NT, and the likely materiality of the category.

For the ACT, the impact of its entire urban population (and that of Queanbeyan) settled on the boundaries of the Territory's national park and nature reserves represent unavoidable costs as the management objectives and policies of these areas are embodied in the National Capital Plan (a Commonwealth imposed statutory plan), and therefore, reflected in the Territory's own planning documentation.

While calculating the impact of contiguous populations and recreational activities on national parks costs remains a challenge, it is clear that there are conceptual grounds for at least assessing the impacts of contiguous populations on the costs of maintaining and servicing national parks.

The extent to which urban populations are located contiguous to national parks is a major driver of national parks and wildlife costs. The extensive urbanisation impacts faced by the ACT and the associated costs that they place on the management of the national parks system result from the relatively large population located closely adjacent to the ACT's national parks (accessibility) and thus relatively high levels of use.

The ACT previously provided general evidence of the cost impacts that greater levels of use associated with contiguous populations have on the *Australian Alps* (a collaborative effort between the NSW National Parks and Wildlife Service, Parks Victoria, Environment ACT and the Australian Government Department of the Environment and Heritage). That is, environmental costs rise as visitor use rises:

*"... the growth of tourism and recreation has led to increasing numbers of visitors, and a variety of facilities on public land, ranging from ski resorts to walking tracks. The environmental impact of such facilities depends on their scale and the intensity of visitor use."*<sup>1</sup>

It is noted that in the case of Indigenous involvement in management of parks, Commission staff noted that the NT has argued that joint management arrangements largely flowed from settlement of native title claims. If this can be substantiated, and a basis for being assessed, it may provide justification for recognition and assessment of a disability on the same basis as other native title expenses.

If an option is to assess native title disabilities stemming from national parks as part of the native title assessment, it follows that the national park urbanisation (contiguous population) impacts could be assessed as part of the urbanisation (location based disabilities) assessment.

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<sup>1</sup> Australian Alps Education Kit – Recreation and Tourism, page 14.

In this context, and noting the need to provide detailed data that substantiates that national parks and wildlife services costs are largely driven by visitor use, and particularly by contiguous urban populations, the ACT is exploring data sources that substantiate visitor use impacts and will provide further advice to the Commission if and when available.

### Administrative Scale and Location Based Disabilities

The ACT supports assessing administrative scale and location based disabilities for all expenses in the Other services category (with the exception of administrative scale for natural disaster relief expenses which will be dealt with under the public safety and emergency management category).

### Natural Disaster Relief Expenses

The ACT supports the Commission's earlier decision to assess natural disaster relief expenses on an **equal per capita** (EPC) basis as they are not policy-neutral.

Assessing natural disaster relief expenses on an **actual per capita** (APC) basis will result in equalisation not being achieved. This is because the extent to which the Australian Government's natural disaster relief expenses are paid to jurisdictions is influenced in two ways by the States:

- the policy choice to spend more or less on prevention – higher (lower) expenditures on prevention initiatives may result in the need for lower (higher) natural disaster relief; and
- the level of insurance entered into by a State with a third party – a higher (lower) level of insurance will result in the need for lower (higher) natural disaster relief.

It is noted that the *Natural Disaster Relief and Recovery Arrangements (NDRRA) Determination for 2007* highlights that natural disasters relief and recovery payments and infrastructure restoration assistance is usually provided in the form of partial reimbursement of actual expenditure.

However, in the context of State policy influences, it is clear that these are pertinent as the NDRRA Determination highlights that disaster relief payments complement the States' strategies:

*“The Commonwealth’s assistance is intended to be directed to State measures that complement other strategies in relation to natural disasters, such as insurance and disaster mitigation planning and implementation.”*<sup>2</sup>

In regard to the level of insurance entered into by a State, and determining whether a State is eligible for assistance in a financial year, the NDRRA Determination for 2007 highlights that the rate of the assistance is worked out on the basis of the State's two thresholds for that financial year and the amount of its expenditure in that year on all eligible disasters. However, paragraph 5.2.5 (a) states that:

*“The amount does not include any of the following:*

*(a) amounts that the State has recovered or may recover from any source...”*

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<sup>2</sup> Natural Disaster Relief and Recovery Arrangements (NDRRA), Determination for 2007, paragraph 1.1.2.

Commission staff have indicated that as policy influences appear to be minor, an actual per capita approach is reasonable. However, policy influences, in particular regarding insurance, and their impact on Commonwealth provided natural disasters relief and recovery payments for public assets, could be substantial. **As this is the case, an EPC assessment is supported.**

If the Commission intends to adopt an APC assessment, it should firstly examine the levels of insurance across on State provided assets to ensure that they are not markedly different in per capita terms. If this is not feasible, consistent with the assessment guidelines, the use of disabilities premised on APC expenditures should be discounted to ensure that they adjust for policy influences.