

## **LAND RIGHTS – ASSESSMENT RESULTS**

---

- 1 This working paper describes the land rights expense assessment and the results. The development of the 2004 Review method for assessing land rights is discussed in Volume 7 of the Working Papers for the 2004 Review.
- 2 The land rights assessment recognises the additional and unique costs of providing services in the Northern Territory because of the operation of the Commonwealth's *Aboriginal Land Rights (Northern Territory) Act 1976 (ALRA)*. Under the provisions of the Act, the Aboriginal Land Commissioner is required to report on the financial impact on the Northern Territory of successful land claims. The Northern Territory incurs costs in preparing submissions to the Commissioner and in challenging claims through the Federal and High Courts. Although there is a sunset clause in the legislation, it is expected that claims will proceed for many years.

### **ASSESSMENT METHOD**

- 3 The Commission assessed the Northern Territory's needs due to land rights expenses in the following categories:
  - services to Indigenous communities;
  - administration of justice;
  - national parks and wildlife services;
  - water, sanitation and protection of the environment;
  - roads;
  - mining, fuel and energy; and
  - general public services.
- 4 The land rights assessment was based on the actual per capita expense incurred by the Northern Territory for each category. For the Administration of justice category, the Commission decided to discount the land rights expenses by 20 per cent. The Commission considered that the Northern Territory's obligation to protect the interests of the Territory from claims with the potential to influence income, land use policy or the economy was policy choice. Therefore, the Commission judged that the Northern Territory's assessed expenses in this category should be 80 per cent of its actual expenses.

- 5 The factors and component weights are updated annually.
- 6 Table 1 shows land rights expenses, total category expenses and component weights for the years 2001-02 to 2006-07. The component weights were calculated for each year by dividing land rights expenses by category total expenses.

**Table 1 Land rights expenses, category expenses and component weights, 2001-02 to 2006-07**

Category	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
	\$m	\$m	\$m	\$m	\$m	\$m
<b>Services to Indigenous Communities</b>						
Land rights expenses	1.3	1.3	1.4	1.6	1.9	2.0
Category expenses	161.9	193.3	227.2	260.9	322.0	305.7
Component weight (%)	0.82	0.69	0.63	0.61	0.59	0.64
<b>Administration of Justice<sup>(a)</sup></b>						
Land rights expenses	0.6	0.6	0.8	0.7	0.6	0.7
Category expenses	1 881.7	2 048.9	2 048.9	2 230.4	2 394.6	2 689.7
Component weight (%)	0.03	0.03	0.04	0.03	0.03	0.02
<b>National Parks and Wildlife Services</b>						
Land rights expenses	1.5	1.5	1.4	1.9	2.0	2.4
Category expenses	580.4	617.7	601.1	608.8	627.8	680.0
Component weight (%)	0.26	0.24	0.24	0.32	0.31	0.35
<b>Water, Sanitation and Protection of the Environment</b>						
Land rights expenses	0.5	0.5	0.3	0.3	0.3	0.4
Category expenses	1 352.9	1 532.9	1 461.2	1 774.7	1 846.6	2 427.3
Component weight (%)	0.03	0.03	0.02	0.02	0.02	0.02
<b>Roads</b>						
Land rights expenses	0.3	0.3	0.4	0.6	0.7	0.7
Category expenses	5 232.6	5 588.1	5 852.5	6 088.9	6 413.8	7 310.3
Component weight (%)	0.01	0.01	0.01	0.01	0.01	0.01
<b>Mining, Fuel, Energy</b>						
Land rights expenses	1.4	1.4	1.4	2.0	1.8	1.2
Category expenses	326.7	248.2	439.2	350.4	397.2	436.9
Component weight (%)	0.42	0.55	0.32	0.57	0.46	0.27
<b>General Public Services</b>						
Land rights expenses	0.7	0.7	0.7	0.9	1.0	1.2
Category expenses	4 069.5	4 189.8	4 574.3	4 736.1	5 280.8	5 799.4
Component weight (%)	0.02	0.02	0.01	0.02	0.02	0.02

(a) Land rights expenses in this category were discounted by 20 per cent.

## RESULTS

7 The land rights factors were calculated by dividing the Northern Territory per capita amount of land rights expense by the Australian per capita amount of land rights expense. Table 2, below, shows the land rights factors for the 2008 Update.

**Table 2 Land rights factors for all relevant categories, 2008 Update**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aus
2001-02	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	98.40499	1.00000
2002-03	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	99.17435	1.00000
2003-04	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	99.66621	1.00000
2004-05	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	99.24383	1.00000
2005-06	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	98.49193	1.00000
2006-07	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	98.01962	1.00000

Note: The land rights factors for all relevant categories are the same.

### CHANGES SINCE 2007 UPDATE AND CONTRIBUTION OF THE 2008 UPDATE TO GST REVENUE DISTRIBUTION

8 Table 3 **Error! Reference source not found.** shows the change in GST revenue and Health Care Grants (hereafter described as GST revenue) distributions caused by changes in the land rights assessments between the 2007 Update and the 2008 Update.

**Table 3 Land rights, effect of assessment on GST revenue distribution, 2007 Update and 2008 Update**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total redist'd
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Redistribution from EPC resulting from the 2007 Update assessment (a)</b>	-3.0	-2.2	-1.8	-0.9	-0.7	-0.2	-0.1	8.8	8.8
<b>Redistribution from EPC resulting from the 2008 Update assessment (a)</b>	-2.9	-2.2	-1.8	-0.9	-0.7	-0.2	-0.1	8.9	8.9
<b>Total effect of revisions and updating<sup>(b)</sup></b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

(a) Assuming same pool and a constant population.

(b) This figure shows the change in the amount redistributed among the States between the 2007 Update and the 2008 Update. It does not necessarily equal the difference in the total redistribution from EPC between the two inquiries.

9 Compared with an equal per capita (EPC) assessment, the 2008 Update redistributed \$8.9 million away from New South Wales, Victoria, Queensland, Western Australia, South Australia, Tasmania and the ACT to the Northern Territory. This is similar to the 2007 Update

where \$8.8 million was redistributed. The 2008 Update assessment resulted in a \$0.1 million change in the pattern of redistribution between the States.

10 This change was due to:

- **Revising actual expenses.** The Northern Territory made minor revisions to the 2004-05 expense data in the following categories: roads; and general public services. This resulted in an increase in 2004-05 total land rights expenses of \$0.8 million. Revisions to the 2005-06 expense data in the general public services category drove 2005-06 land rights expenses up by \$0.05 million. There were also minor revisions by the Australian Bureau of Statistics to mean resident population data for 2005-06.
- **Replacing actual expenses.** The Northern Territory's land rights expenses have increased by 37.1 per cent over the 2001-02 to 2006-07 period. This is less than the increase in the GST pool of 43.9 per cent. This category has become relatively less important, resulting in a decreased redistribution of GST to the Northern Territory.

11 Compared with 2005-06, 2006-07 land rights expenses showed the following:

- \$0.4 million increase in expenses attributed to the national parks and wildlife services category, due to an increase in joint management staff expenses of approximately \$300 000 and general expenses of \$100 000, as well as rental of parks.
- \$0.6 million decrease in expenses attributed to the mining, fuel and energy category due to fewer permits being issued after the Blue Mud Bay decision (March, 2007). The decreased activity was also a result of the completion of surveys of parks and reserves being prepared for return to their traditional owners in 2006.
- \$0.2 million increase in general public service expenses in 2006-07 due to: salary and partial operational expenses not included in previous updates; increase in minister's and staff expenses due to increased activity from local government reform, review of permit system and township leasing arrangements; and an increase in expenses caused by new advisor positions created for local government, Aboriginal Areas Protection Authority, housing and co-ordinating office for Blue Mud Bay stakeholder consultation, contingency planning and appeals process.
- Minor increases/decreases were noted in other categories.

12 Table 4 shows the change in actual land rights expenses from 2001-02 to 2006-07 and percentage changes from previous years and from 2001-02 to 2006-07.

**Table 4 Land rights percentage change from previous years and from 2001-02, 2008 Update**

	Actual expenses	% change from previous year	% change from 2001-02
	\$m	%	%
2001-02	6.2		
2002-03	6.2	0.0	
2003-04	6.4	3.2	
2004-05	8.1	26.6	
2005-06	8.4	3.7	
2006-07	8.5	1.2	37.1

This working paper was prepared by the Expense — Law and Order section of the Commonwealth Grants Commission. If you have any questions about its content please contact Daniel Dwyer on (02) 6229 8856 or [daniel.dwyer@cgc.gov.au](mailto:daniel.dwyer@cgc.gov.au).

Date: 29/02/08