Socio-economic Assessment in NPWS Land Acquisition

A description of the current NPWS process of socio-economic assessment
Every effort has been made to ensure that the information in this document is accurate at the time of publication. However, as appropriate, readers should obtain independent advice before making any decision based on this information.
## Contents

**Introduction**  ........................................................................................................................................ 1
- Considering socio-economics .............................................................................................................. 1
- NPWS process for considering land acquisition proposals ............................................................... 2
- Types of acquisitions ............................................................................................................................ 3
  - Inholdings ......................................................................................................................................... 3
  - Boundary adjustments ....................................................................................................................... 3
  - Reserve expansions ........................................................................................................................... 3
  - New reserve establishment ................................................................................................................. 3

**Level 1 - Preparing a local socio-economic profile** ................................................................ 4

**Level 2 - Local economy assessment** ......................................................................................... 5
- Background to the model ...................................................................................................................... 5
- Socio-economic response indicators ................................................................................................. 6
  - Local council financial performance indicators .............................................................................. 6
  - Local community economic indicators ........................................................................................... 6

**Level 3 - Landuse change assessment** ....................................................................................... 7
- The cash flow forecasting process ...................................................................................................... 7
Introduction

The National Parks and Wildlife Service (NPWS) as part of the Office of Environment and Heritage (OEH) undertakes a comprehensive process for the consideration of land acquisition proposals for the National Park Estate.

Socio-economic considerations are an important part of that process.

This document aims to explain how NPWS currently considers socio-economic matters, and seeks views on how this process might be strengthened.

NPWS acquires land for the National Park Estate on behalf of the Minister for the Environment to further the objectives of the National Parks and Wildlife Act 1974 (NPW Act). In summary, these objectives (amongst others) include:

- the conservation of nature
- the conservation of objects, places or features (including biological diversity) of cultural value within the landscape
- fostering public appreciation, understanding and enjoyment of nature and cultural heritage and their conservation.

Lands are acquired through voluntary purchases, Crown land transfers, donations and bequests as well as from development processes requiring biodiversity offsets.

Considering socio-economics

The possible socio-economic outcomes which can result from acquiring land for the National Park Estate can be wide ranging and complex. The complexity arises because:

- some outcomes are easily valued in monetary terms while others are far more difficult to value, like changes in social capital or benefits from ecosystem services
- outcomes involve change in the relative levels of private and public good
- the timeframes involved mean that there can be lead times in noticing certain types of outcomes, while others will be more immediately noticed
- some of the outcomes are intergenerational and are difficult to estimate or to value effectively in today’s monetary terms.

In spite of these complexities, NPWS understands the importance of socio-economic considerations as part of a wider assessment process to reach well considered and balanced land acquisition decisions.

NPWS knows that some local communities will be better placed than others at any given time to adapt to and/or to take advantage of socio-economic outcomes that result from land acquisitions for the National Park Estate.

This document outlines where socio-economic considerations fit within the wider NPWS process for considering land acquisition proposals. It also describes what those socio-economic considerations involve.
NPWS process for considering land acquisition proposals

NPWS has a comprehensive process for considering land acquisition proposals. Part of this process involves considering socio-economic issues. NPWS would like to strengthen these considerations so that they are more robust and consistent with community values.

The purpose of the NPWS socio-economic considerations are to:

- understand the likely socio-economic outcomes of land acquisition proposals for local communities
- inform wider decision making processes which result in decisions about acquiring land.

Figure 1 shows an overview of the process through which land acquisition proposals are considered and, importantly, where socio-economic considerations fit.

Figure 1: Overview of the NPWS process for considering acquisition proposals.
Types of acquisitions

The type of acquisition proposal influences how NPWS considers the socio-economic aspects relating to the proposal. Different types of acquisition proposals are listed below.

Inholdings

An ‘inholding’ proposal relates to land situated within an existing reserve (complete inholding) or land which is surrounded on at least three boundaries by an existing reserve (partial inholding). Inholdings tend to involve a smaller area of land in the context of the existing reserve and are most often acquired to improve the design and management of a reserve.

Boundary adjustments

A ‘boundary adjustment’ proposal relates to acquiring land adjoining an existing reserve to create a more effective external boundary to improve the design and management of a reserve. Boundary adjustment proposals tend to be smaller in area in the context of the existing reservation.

Reserve expansions

A ‘reserve expansion’ proposal relates to the acquisition of land which adjoins or is located in close proximity to an existing reserve to improve the reserve’s conservation value. Reserve expansion proposals can be variable in size.

New reserve establishment

A ‘new reserve establishment’ proposal involves the acquisition of land to create a new reserve. New reserve establishment proposals may be variable in size. If acquired, a new reserve establishment will often be added to over time through reserve expansion acquisitions.

Table 1 shows the indicative type of socio-economic assessment for each of the different types of acquisition proposal.

Table 1: Indicative types of socio-economic assessment.

<table>
<thead>
<tr>
<th>Level of socio-economic consideration</th>
<th>Type of land acquisition</th>
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</thead>
<tbody>
<tr>
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<td>Inholding / boundary adjustment</td>
</tr>
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</tr>
<tr>
<td>Local economic profile</td>
<td>-</td>
</tr>
<tr>
<td>Landuse change assessment</td>
<td>-</td>
</tr>
</tbody>
</table>
Level 1 - Preparing a local socio-economic profile

The first level of socio-economic consideration involves preparing a local socio-economic profile.

The purpose of the profile is to help OEH understand the local community and local economy relevant to the location of the acquisition proposal.

The profile is put together using:

- qualitative information about the landholder, their use of the land and relationship to their local community
- quantitative information about the relevant local economy (e.g. demography, labour force, income, industry, local government and social structure).

OEH prepares a local socio-economic profile for all acquisition proposals, although the level of detail will vary according to the type of acquisition proposal.
Level 2- Local economy assessment

The second level of socio-economic assessment involves the use of an economic model to predict the likely response of a local economy to an acquisition proposal.

Normally this type of assessment is applied to reserve expansion proposals and new reserve establishment proposals.

Background to the model

In 2012, NPWS undertook a longitudinal analysis of 110 local government areas (LGAs) to determine the socio-economic relationship between the National Park Estate (including new acquisitions) and rural and regional communities.

The analysis compared the average economic performance of LGAs where land acquisition for the National Park Estate had occurred, with LGAs where land acquisitions had not occurred, across a 10-year time period.

Following this, further analysis was done to identify socio-economic responses to the acquisition of land for the National Park Estate for individual LGAs.

The longitudinal analysis found that, on average, acquisitions for the National Park Estate represent a net benefit to both rural and regional LGAs. Variations in the response of LGAs were influenced by:

- the presence and size of existing National Park Estate
- the size of a new land acquisition
- the phase of the macro-economic growth cycle
- the social characteristics and nature of the local economy which influence the capacity to capitalise on outcomes associated with land acquisition for the National Park Estate.

The subsequent individual socio-economic analysis identified the characteristics of socio-economically responsive and non-responsive LGAs.

These characteristics can be used to ‘predict’ the likely response of an LGA’s economy to a land acquisition proposal.
The OEH model involves analysis of:

- the extent of the established National Park Estate within each LGA acquisition proposals
- decadal trends in 16 socio-economic response indicators.

**Socio-economic response indicators**

A set of 16 council and community performance indicators were compiled from Division of Local Government (DLG) and ABS reporting.

**Local council financial performance indicators**

- rates revenue
- revenue from user fees and charges
- revenue from grants
- revenue from contributions
- total revenue
- staffing levels
- infrastructure expenditure
- health, recreation and community service expenditure
- cost of debts
- total expenditure.

The indicators above have been used to identify any impact of loss of rates revenue associated with the acquisition of private lands and any subsequent impact on ability to provide services. All council financial data was derived from DLG reporting.

**Local community economic indicators**

- employment
- mean income
- number of residential dwelling approvals
- value of residential building approvals
- number of businesses
- value of non-residential building approvals

The model allows NPWS to understand the future economic responsiveness of LGAs and to estimate the possible effect of land acquisitions on their economies.
Level 3- Landuse change assessment

The third level of assessment may involve a financial analysis using a cash flow forecasting process.

NPWS would use this process to compare the profile of estimated revenues and expenditures over time between the current land use of an acquisition proposal with its intended land use should it be acquired.

Normally this type of assessment would be applied to new reserve establishment proposals where the outputs of the local economy assessment indicate an acquisition proposal may have a negative socio-economic impact on the local economy.

The cash flow forecasting process

The process involves:

- identifying the likely lead time needed to establish the reserve within the National Park Estate (this becomes the period over which cash flows are forecasted)
- estimating land use revenues and expenditures in real dollars for the existing and proposed land use
- profiling land use revenues and expenditures across years for the existing and proposed land use
- identifying the risks (and their consequences) to the various revenues, expenditures and their profiles.

Comparing the two forecasts will indicate when, and to what degree, cash flows may be different.