

Senate Community Affairs Committee
ANSWERS TO ESTIMATES QUESTIONS ON NOTICE
FAMILIES, HOUSING, COMMUNITY SERVICES AND
INDIGENOUS AFFAIRS PORTFOLIO
2012-13 Additional Estimates Hearings

Outcome Number: 7

Question No: 167

Topic: Royalty payments

Hansard Page: 15/02/2013 CA58

Senator Scullion asked:

Can you explain how the process of royalty payments is supposed to work, including names of the royalty associations, how they operate and what they are supposed to operate under?

Answer:

Section 63 of the *Aboriginal Land Rights (Northern Territory) Act 1976* (ALRA) (Cth) provides that royalty equivalent monies, the level of which is determined by the value of statutory royalties generated from mining on Aboriginal land in the Northern Territory, and as determined by the Minister, must be credited to the Aboriginals Benefit Account (ABA). The ABA is constituted under Section 62 of the ALRA and is a Special Account for the purposes of the *Financial Management and Accountability Act 1997* (Cth).

Subsection 64(3) of the ALRA provides that amounts must be debited from the ABA and paid to the Northern Territory land councils for distribution to royalty associations in order to benefit those Aboriginal people who are affected by mining operations. Land council distributions must be in accordance with subsection 35(2) of the ALRA. These payments are directly linked to the amount of royalty equivalent monies received in respect of mining in the areas concerned. Royalty associations receive 30 per cent of the royalty equivalents paid into the ABA.

Subsection 35C(2) of the ALRA provides that a royalty association must provide the land council with annual financial statements and a written report showing: the purpose for which any subsection 35(2) amounts was spent; each recipient of that amount; and the amount paid to each recipient and the date(s) the amount was paid.

Royalty equivalents may only be paid to royalty associations incorporated under the *Corporations (Aboriginal and Torres Strait Islander) Act 2006* (the CATSI Act) (Cth). The CATSI Act provides a strong legislative framework for the governance of royalty associations.

The Registrar of Indigenous Corporations is an independent statutory office holder and administers the CATSI Act. The Registrar's office supports and regulates the corporations that are incorporated under the CATSI Act. It does this in a variety of ways: by advising them on how to incorporate; by training directors, members and key staff in good corporate governance; by making sure they comply with the law; and by intervening when needed.

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A corporation must report to the Registrar each year about its finances, membership and directors. A corporation must also hold an annual general meeting prior to 30 November in each year. Members have a statutory right to ask questions about the finances and governance of a corporation, including the receipt and expenditure of any ALRA royalties.

The Registrar of Indigenous Corporations has advised that the majority of the royalty associations have a formal process for dealing with ALRA royalties, either in their rule book or in a formal corporation policy.

The rule books of all royalty associations are available from the Registrar's website at www.oric.gov.au.