

NSW Local Government Grants Commission
5 O'Keefe Avenue NOWRA NSW 2541
Locked Bag 3015 NOWRA NSW 2541

OUR REFERENCE: A871240
CONTACT: Helen Pearce
(02) 4428 4131
helen.pearce@olg.nsw.gov.au

Mr Andrew Moore
General Manager
Penrith City Council

By email: andrew.moore@penrith.city
cc: council@penrith.city

5 September 2023

Dear Mr Moore

In accordance with the NSW Local Government Grants Commission's (Commission) policy of providing information to councils about the way the Commission calculates financial assistance grants (FA Grants), please find attached a summary of Council's 2023-24 estimated FA Grants entitlement (**Appendix A**).

2023-24 ESTIMATED ENTITLEMENTS

The national FA Grants total estimated entitlement for 2023-24 is \$3.11 billion and is made up of \$2.15 billion for the general purpose component (GPC) and \$0.96 billion for the local roads component (LRC). The national estimated entitlement for 2023-24 increased by \$161 million to account for final adjustments to the Consumer Price Index (CPI) and population shares for the year.

The Commonwealth Treasury's estimate of the CPI for 2022-23 was adjusted up in July 2023. When compared to the 2022-23 final adjusted amount, the total national estimated FA Grants for 2023-24 increased by 5.5%. Accordingly, the State's FA Grants allocation for 2023-24 is slightly higher than last year, however the ongoing economic impact of the pandemic and other external factors are difficult to predict.

The national GPC was distributed across the states and territories on a population basis. NSW received 31.34% or \$675.7 million in the GPC, which represents a 4.05% increase on last year's final figure. The LRC is based on a historical formula. NSW's share of the total national road funding is a fixed 29% share, or \$277.5 million, which represents a 5.5% increase. The total 2023-24 FA Grants estimated entitlement for NSW is \$953.2 million.



EXTERNAL FACTORS IMPACTING THE GPC POOL OF FUNDS IN NSW

The Commonwealth decided to pause indexation for three years from 2014-15 to 2016-17 due to budget constraints. In 2021, the impact of the global economic downturn (GED) was closely followed by the Covid-19 Pandemic. NSW also experienced devastating natural disasters, including bushfires and floods. During recent years, the Commission has been faced with these challenges, including a substantially reduced CPI in 2021. In 2023-24, the CPI has continued to trend towards previously average levels of about 3.5% to 4%. But further fluctuations cannot be ruled out.

Change of Annual Grant Entitlements	CPI % Change GPC	# of LGAs on 0% or <0%
2012-13 Final and 2013-14 Estimated	3.4	22
2013-14 Final and 2014-15 Estimated no CPI	-0.2	72
2014-15 Final and 2015-16 Estimated no CPI	-0.2	75
2015-16 Final and 2016-17 Estimated no CPI	0.1	56
2016-17 Final and 2017-18 Estimated	3.6	10
2017-18 Final and 2018-19 Estimated	3.6	12
2018-19 Final and 2019-20 Estimated	4.0	10
2019-20 Final and 2020-21 Estimated GED	0.9	33
2020-21 Final and 2021-22 Estimated Covid	1.7	29
2021-22 Final and 2022-23 Estimated Covid	3.3	9
2022-23 Final and 2023-24 Estimated Covid	4.0	*18

KEY
<i>Three years of paused CPI (only change applied was national movements in jurisdictional population shares)</i>
<i>Transition entered: # of LGAs on 0% or less had the -5% floor been retained</i>
<i>*8 metropolitan councils moved to the negative floor due to population decline as applying the per capita minimum produced a lower result than the negative floor</i>

A notable by-product of the pandemic flowing through the 2022-23 and 2023-24 grant calculations has been population decline in some metropolitan areas. This has resulted in eight metropolitan councils moving off the per capita minimum grant and instead, benefiting from the 0% floor, as councils cannot breach below 0% floor until the negative floor is resumed. This further demonstrates the need to expedite the pathway out of transition.

Council's 2023-24 FA Grants estimated entitlement, compared to the 2022-23 final entitlement is as follows:

Penrith City Council				
Year	General Purpose	Local Roads	Total	Change
2022-23 final	\$9,270,373	\$3,051,365	\$12,321,738	
2023-24 est.	\$9,270,381	\$3,212,141	\$12,482,522	1.3%

To assist councils with budgets and bank reconciliations, a breakdown of the 2023-24 quarterly instalments is attached (**Appendix A**). The NSW Schedule of Payments is also attached (**Appendix B**).

IMPACT OF THE ADVANCE PAYMENTS

The Commonwealth Government decided to make an early payment of the 2023-24 estimated FA Grant entitlement to help manage the cumulative impacts of the floods and the pandemic. In June 2023, all councils were paid 100% of the estimated entitlement in advance, as calculated at that point in time (plus councils received 25% of the 2022-23 entitlement in the same year). This has resulted in the adjusted quarterly instalments for 2023-24 being significantly less than in recent years. The remainder of the grant entitlements (totalling \$45,227,839 for the state) will be paid in quarterly instalments in August 2023, November 2023, February 2024 and May 2024.

The Council of the City of Sydney and Randwick City Council's population decreases flowed through the grant calculations in the 2023-24 financial year, with both councils due to receive a reduction in the LRC. However, as the Commonwealth advance of 100% was based on the prior year's grant recommendations, both Councils received an overpayment in the LRC advance (Sydney \$35,538 and Randwick \$25,555, totalling \$62,083).

As a temporary measure to address the overpayment, the Commission made an accounting adjustment to the 2023-24 recommendations, spreading the overpayment proportionately over the other 126 councils' LRCs. This process will be reversed in 2024-25 to ensure the over and under payments reconcile with actual entitlements.

However, the Commission is concerned about the unpredictability the practice of advance payments creates. Long-term and annual budgeting forecasts are subject to changes, and annual financial statement results can often be skewed. The latest development of overpayments is beginning to impede the Commission's ability to make annual recommendations.

CHALLENGES IN FAIRLY DISTRIBUTING THE GPC FUNDS

As councils will be aware, the Commission is required to adhere to the National Principles which mandate a per capita payment based on population growth/decline. This inhibits the full application of the Horizontal Fiscal Equalisation (HFE) Principle, to distribute the grants on the basis of greatest relative need. It is also the policy of the NSW Government to explore opportunities to direct grants to communities with the greatest relative need. The Commission has had regard to these policies in allocating the grants. The map contained in **Appendix D** identifies the rate of population change in NSW from 2002 to 2022.

Appendix D lists the revised expenditure categories, disadvantage factors, data sources used in calculating the expenditure allowance and the relative disadvantage allowance.

The Commission has been investigating ways to direct funds to councils with greatest relative need. Information about the methodology review and subsequent transition has been provided to councils, including about the recommendations for model refinements. The Commission is currently considering options for a pathway out of transition and resuming the negative floor, which is likely to commence in 2024-25. Further information about the transition and general information about the FA Grants can be found on the Commission's webpage at

<https://www.olg.nsw.gov.au/commissions-and-tribunals/#lggc>.

SPECIAL SUBMISSIONS 2023-24

Special submissions from councils for 2023-24 will be considered by the Commission. The purpose of a submission is to give councils the opportunity to present information on the financial impact of inherent expenditure disadvantages beyond councils' control that are not generally recognised in the current methodology. Please refer to the expenditure functions and Council's disadvantage factors listed in **Appendix A**. This process allows the Commission to adequately consider all legitimate factors that affect councils' capacity to deliver services.

Appendix C, titled ***Guidelines for Special Submissions***, contains guidance for preparing submissions – please read the guidelines carefully.

Submissions should be e-mailed to the Commission at olg@olg.nsw.gov.au by **30 November 2023**.

A MESSAGE OF CAUTION

There is no guarantee that a council will receive an increased FA Grant each year. There are a number of changing variables, including a council's changing measure of relative disadvantage compared to the state average measure and the size of the total FA Grant pool. Last year, the Commission advised of a possible decision to return to the GPC to a negative floor in 2024-25, which would result in some councils receiving less in the 2024-25 than they will in 2023-24. Councils have been consulted and have now been given six years to prepare. It is no longer sustainable to protect those councils with greatest relative advantage. The pathway out of transition is essential to distribute the GPC more fairly, allowing greater application of the HFE, consistent with the National Principles and NSW policy.

I would ask that this letter please be tabled at the next Council meeting.

If you have any questions concerning these matters, please contact me on (02) 4428 4131.

Yours sincerely



Helen Pearce
Executive Officer

Penrith (C) Council Appendix A

General Purpose Component

Expenditure Allowance

Expenditure Functions	State ave cost per capita
Recreation and cultural	\$237.99
Admin and governance	\$279.03
Education and community	\$66.63
Roads, bridges, footpaths and aerodromes	\$216.11
Public order, safety, health and other	\$205.84
Housing amenity	\$77.49

Recreation and cultural			Pop <SS = relative disadvantage Pop >SS = 0 ATSI <SS = 0 ATSI >SS = relative disadvantage
Disadvantage Measure	LGA measure	State Std (SS)	Weighted DF%
Population	220,786	63,714	0.0%
Aboriginal & Torres Strait Islander	5.0%	3.4%	4.6%

Admin and governance			
Disadvantage Measure	LGA measure	State Std	Weighted DF%
Population	220,786	63,714	0.0%

Education and community			
Disadvantage Measure	LGA measure	State Std	Weighted DF%
Population	220,786	63,714	0.0%

Roads, bridges, footpaths and aerodromes			
Disadvantage Measure	LGA measure	State Std	Weighted DF%
Population	220,786	63,714	0.0%
Road Length	1,152	1,159	0.0%

Public order, safety, health and other			RTD <SS = 0 RTD >SS = relative disadvantage Env <SS = 0 Env >SS = relative disadvantage
Disadvantage Measure	LGA measure	State Std	Weighted DF%
Population	220,786	63,714	0.0%
Rainfall, topography and drainage index	147%	161%	0.0%
Environment (Ha of environmental lands)	3,198	55,494	0.0%

Housing amenity			
Disadvantage Measure	LGA Std	State Std	Weighted DF%
Population	220,786	63,714	0.0%

Isolation Allowance

Outside the Greater Statistical Area	N/A
--------------------------------------	-----

APPENDIX A
LOCAL GOVERNMENT GRANTS COMMISSION 2023-24 FINANCIAL ASSISTANCE GRANTS

Pensioner Rebate Allowance

PR <SS = relative disadvantage (+ allowance)	
PR >SS = relative advantage (- allowance)	
LGA % Pensioner Rebates (PR) Res Props:	13.4%
State Standard (SS) % PR	14.6%

Revenue Allowance

Revenue Allowance	
CV <SS = relative disadvantage (+ allowance)	
CV >SS = relative advantage (- allowance)	
No. of Urban Properties:	77,415
Standard Value Per Property:	\$483,497
Council Value (CV):	\$431,301

No. of Non-urban Properties:	325
Standard Value Per Property:	\$887,956
Council Value (CV):	\$5,892,626

Relative Disadvantage Allowance

Unsealed roads; Isolation; Population Decline	\$8
Special Submission/other adjustments	\$0

Total General Purpose Grant	\$9,270,381
------------------------------------	--------------------

Local Roads Component

Population:	220,786
Local Road Length (km):	1,152
Length of Bridges on Local Roads (m):	1,259

Road/Population Allowance:	\$3,032,267
Bridge Length Allowance:	\$179,874
Local Roads Total:	\$3,212,141

Total Grant	\$12,482,522
--------------------	---------------------

Quarterly Instalments Payable in 2023-24 for 2023-24 FA Grants

	August 2023	
GPC	\$22,940.00	
LRC	\$34,793.00	\$57,733.00
	November 2023	
GPC	\$22,940.00	
LRC	\$34,793.00	\$57,733.00
	February 2024	
GPC	\$22,940.00	
LRC	\$34,793.00	\$57,733.00
	May 2024	
GPC	\$22,940.00	
LRC	\$34,793.00	\$57,733.00
	TOTAL	
GPC	\$91,760.00	
LRC	\$139,172.00	\$230,932.00

2023-24 FA GRANTS Schedule of Payments Totals													
		2023-24	2023-24	2023-24	2022-23	2022-23	2022-23	2023-24	2023-24	2023-24	2023-24	2023-24	2023-24
Councils	Population 30/6/2021	Recommended General Purpose Entitlement	Recommended Local Roads Entitlement	Recommended Total Entitlement	General Purpose CPI/Pop Adjustment	Local Roads CPI/Pop Adjustment	Total CPI/Pop Adjustment	General Purpose Advance Payment	Local Roads Advance Payment	Total Advance Payment	General Purpose Payments	Local Roads Payments	Total Payments
Albury (C)	56,598	5,811,127	1,844,500	7,655,627	272,614	79,187	351,801	5,848,388	1,831,030	7,679,418	235,353	92,657	328,010
Armidale Regional	29,317	5,377,354	2,890,409	8,267,763	247,184	125,604	372,788	5,302,762	2,904,304	8,207,066	321,776	111,709	433,485
Ballina (S)	46,760	3,879,204	1,834,605	5,713,809	179,208	78,940	258,148	3,844,494	1,825,302	5,669,796	213,918	88,243	302,161
Balranald (S)	2,198	3,967,686	1,654,530	5,622,216	178,810	71,855	250,665	3,835,963	1,661,490	5,497,453	310,533	64,895	375,428
Bathurst Regional	44,074	5,228,922	2,505,234	7,734,156	241,702	111,073	352,775	5,185,158	2,568,312	7,753,470	285,466	47,995	333,461
Bayside	177,629	4,414,494	1,455,341	5,869,835	210,034	63,495	273,529	4,505,806	1,468,189	5,973,995	118,722	50,647	169,369
Bega Valley (S)	35,972	6,397,024	2,610,892	9,007,916	294,270	110,176	404,446	6,312,895	2,547,566	8,860,461	378,399	173,502	551,901
Bellingen (S)	13,219	3,777,386	1,191,567	4,968,953	172,654	51,280	223,934	3,703,908	1,185,729	4,889,637	246,132	57,118	303,250
Berrigan (S)	8,657	4,361,348	1,748,015	6,109,363	200,703	76,154	276,857	4,305,626	1,760,916	6,066,542	256,425	63,253	319,678
Blacktown (C)	410,419	14,617,567	4,604,324	19,221,891	707,626	192,475	900,101	15,180,508	4,450,545	19,631,053	144,685	346,254	490,939
Bland (S)	5,487	6,076,001	3,766,133	9,842,134	278,371	163,771	442,142	5,971,810	3,786,847	9,758,657	382,562	143,057	525,619
Blayney (S)	7,588	2,427,939	1,077,133	3,505,072	111,175	46,528	157,703	2,385,016	1,075,838	3,460,854	154,098	47,823	201,921
Blue Mountains (C)	77,905	8,658,535	1,658,519	10,317,054	406,396	72,068	478,464	8,718,304	1,666,423	10,384,727	346,627	64,164	410,791
Bogan (S)	2,455	3,888,525	1,809,477	5,698,002	174,738	78,500	253,238	3,748,602	1,815,164	5,563,766	314,661	72,813	387,474
Bourke (S)	2,350	5,883,153	2,404,695	8,287,848	263,893	104,519	368,412	5,661,218	2,416,761	8,077,979	485,828	92,453	578,281
Brewarrina (S)	1,438	4,493,402	1,634,059	6,127,461	197,798	70,947	268,745	4,243,302	1,640,466	5,883,768	447,898	64,540	512,438
Broken Hill (C)	17,567	5,932,680	603,645	6,536,325	268,768	25,984	294,752	5,765,815	600,856	6,366,671	435,633	28,773	464,406
Burwood	40,747	1,076,865	340,983	1,417,848	49,648	14,695	64,343	1,065,083	339,805	1,404,888	61,430	15,873	77,303
Byron (S)	36,398	2,557,792	1,522,885	4,080,677	119,476	65,978	185,454	2,563,081	1,525,591	4,088,672	114,187	63,272	177,459
Cabonne	13,825	3,783,167	2,570,269	6,353,436	173,400	111,440	284,840	3,719,895	2,576,816	6,296,711	236,672	104,893	341,565
Camden	127,637	3,172,078	2,174,391	5,346,469	131,888	90,232	222,120	2,829,357	2,086,428	4,915,785	474,609	178,195	652,804
Campbelltown (C)	180,231	8,961,733	2,319,550	11,281,283	433,831	99,030	532,861	9,306,863	2,289,881	11,596,744	88,701	128,699	217,400
Canada Bay (C)	89,139	2,281,995	759,029	3,041,024	110,470	34,117	144,587	2,369,878	788,859	3,158,737	22,587	4,287	26,874
Canterbury-Bankstown	371,726	9,238,256	3,267,955	12,506,211	435,832	142,064	577,896	9,349,776	3,284,932	12,634,708	324,312	125,087	449,399
Carrathool (S)	2,824	5,090,148	2,917,424	8,007,572	230,698	126,515	357,213	4,949,093	2,925,404	7,874,497	371,753	118,535	490,288
Central Coast	348,930	24,806,634	5,481,946	30,288,580	1,164,335	237,687	1,402,022	24,978,156	5,495,982	30,474,138	992,813	223,651	1,216,464
Central Darling (S)	1,745	5,803,838	1,994,345	7,798,183	260,591	86,599	347,190	5,590,378	2,002,427	7,592,805	474,051	78,517	552,568
Cessnock (C)	65,780	6,448,245	2,315,426	8,763,671	302,387	96,429	398,816	6,487,030	2,229,684	8,716,714	263,602	182,171	445,773
Clarence Valley	54,580	8,987,974	4,107,857	13,095,831	420,826	176,940	597,766	9,027,861	4,091,350	13,119,211	380,939	193,447	574,386
Cobar (S)	4,052	5,474,888	2,147,663	7,622,551	249,346	93,454	342,800	5,349,151	2,160,911	7,510,062	375,083	80,206	455,289
Coffs Harbour (C)	79,598	6,181,259	2,808,634	8,989,893	288,825	121,071	409,896	6,196,092	2,799,502	8,995,594	273,992	130,203	404,195
Coolamon (S)	4,463	3,187,054	1,612,516	4,799,570	146,735	69,841	216,576	3,147,873	1,614,915	4,762,788	185,916	67,442	253,358
Coonamble (S)	3,823	3,701,748	2,047,522	5,749,270	167,591	80,060	247,651	3,595,274	1,851,212	5,446,486	274,065	276,370	550,435
Cootamundra-Gundagai Regional	11,394	4,682,696	1,957,740	6,640,436	216,190	84,667	300,857	4,637,867	1,957,728	6,595,595	261,019	84,679	345,698
Cowra (S)	12,690	4,198,641	1,812,677	6,011,318	192,183	78,745	270,928	4,122,858	1,820,799	5,943,657	267,966	70,623	338,589
Cumberland	237,129	6,972,737	2,195,743	9,168,480	337,545	92,619	430,164	7,241,270	2,141,608	9,382,878	69,012	146,754	215,766
Dubbo Regional	55,843	9,434,508	4,277,347	13,711,855	442,055	184,179	626,234	9,483,291	4,258,723	13,742,014	393,272	202,803	596,075
Dungog (S)	9,707	2,279,224	1,159,439	3,438,663	104,376	50,088	154,464	2,239,141	1,158,154	3,397,295	144,459	51,373	195,832
Edward River	8,454	5,092,560	1,894,834	6,987,394	235,754	82,832	318,586	5,057,577	1,915,324	6,972,901	270,737	62,342	333,079
Eurobodalla (S)	40,732	6,518,101	2,106,658	8,624,759	301,362	90,207	391,569	6,465,048	2,085,846	8,550,894	354,415	111,019	465,434
Fairfield (C)	206,644	8,082,320	2,090,125	10,172,445	391,259	90,461	481,720	8,393,584	2,091,679	10,485,263	79,995	88,907	168,902
Federation	12,852	5,695,862	2,802,861	8,498,723	265,653	121,176	386,829	5,698,990	2,801,926	8,500,916	262,525	122,111	384,636
Forbes (S)	9,342	4,543,145	2,418,878	6,962,023	208,983	105,447	314,430	4,483,248	2,438,224	6,921,472	268,880	86,101	354,981
Georges River	153,055	3,803,773	1,356,062	5,159,835	183,426	59,439	242,865	3,934,997	1,374,391	5,309,388	52,202	41,110	93,312
Gilgandra (S)	4,300	3,463,185	1,679,732	5,142,917	158,378	72,780	231,158	3,397,640	1,682,863	5,080,503	223,923	69,649	293,572
Glen Innes Severn	8,935	3,738,839	1,716,610	5,455,449	170,541	73,996	244,537	3,658,571	1,710,993	5,369,564	250,809	79,613	330,422
Goulburn Mulwaree	32,394	4,276,636	2,253,608	6,530,244	197,006	97,755	294,761	4,226,307	2,260,364	6,486,671	247,335	90,999	338,334
Greater Hume (S)	11,238	4,239,663	2,626,032	6,865,695	194,851	113,610	308,461	4,180,085	2,626,974	6,807,059	254,429	112,668	367,097
Griffith (C)	26,994	5,125,940	1,948,186	7,074,126	234,378	87,673	322,051	5,028,046	2,027,259	7,055,305	332,272	8,600	340,872
Gunnedah (S)	13,125	3,908,859	2,013,850	5,922,709	178,868	87,046	265,914	3,837,200	2,012,744	5,849,944	250,527	88,152	338,679
Gwydir (S)	4,915	3,810,578	2,724,219	6,534,797	172,983	101,221	274,204	3,710,963	2,340,477	6,051,440	272,598	484,963	757,561

2023-24 FA GRANTS Schedule of Payments Totals

		2023-24	2023-24	2023-24	2022-23	2022-23	2022-23	2023-24	2023-24	2023-24	2023-24	2023-24	2023-24
Hawkesbury (C)	67,815	2,950,542	2,094,603	5,045,145	142,794	91,389	234,183	3,063,318	2,113,174	5,176,492	30,018	72,818	102,836
Hay (S)	2,828	3,219,970	1,010,007	4,229,977	145,321	43,901	189,222	3,117,532	1,015,100	4,132,632	247,759	38,808	286,567
Hills (S)	19,228	4,947,019	2,636,616	7,583,635	217,162	111,084	328,246	4,658,710	2,568,551	7,227,261	505,471	179,149	684,620
Hilltops	199,056	6,553,927	3,506,473	10,060,400	304,963	152,250	457,213	6,542,285	3,520,450	10,062,735	166,605	138,273	454,878
Hornsby (S)	151,713	3,770,459	1,748,297	5,518,756	173,561	75,540	249,101	3,723,350	1,746,699	5,470,049	220,670	77,138	297,808
Hunters Hill (M)	13,416	418,056	148,804	566,860	19,274	6,722	25,996	413,483	155,516	568,999	23,847	10	23,857
Inner West	182,886	4,752,436	1,600,449	6,352,885	230,062	72,129	302,191	4,935,461	1,667,807	6,603,268	47,037	4,771	51,808
Inverell (S)	17,943	5,152,810	2,773,021	7,925,831	235,806	120,076	355,882	5,058,688	2,776,495	7,835,183	329,928	116,602	446,530
Junee (S)	6,453	2,570,285	1,145,899	3,716,184	117,694	50,594	168,288	2,524,850	1,169,895	3,694,745	163,129	26,598	189,727
Kempsey (S)	31,118	5,407,819	2,369,306	7,777,125	248,698	101,540	350,238	5,335,258	2,347,874	7,683,132	321,259	122,972	444,231
Kiama (M)	22,925	1,555,812	612,434	2,168,246	71,480	27,060	98,540	1,533,437	625,681	2,159,118	93,855	13,813	107,668
Ku-ring-gai	124,108	3,084,373	1,382,598	4,466,971	145,752	60,320	206,072	3,126,779	1,394,771	4,521,550	103,346	48,147	151,493
Kyogle	9,418	3,802,159	1,998,010	5,800,169	172,707	86,049	258,756	3,705,042	1,989,700	5,694,742	269,824	94,359	364,183
Lachlan (S)	6,131	7,596,226	4,237,613	11,833,839	348,164	183,758	531,922	7,469,061	4,249,000	11,718,061	475,329	172,371	647,700
Lake Macquarie (C)	216,428	15,671,325	3,499,103	19,170,428	735,521	149,962	885,483	15,778,927	3,467,547	19,246,474	627,919	181,518	809,437
Lane Cove (M)	40,028	1,059,187	353,096	1,412,283	49,089	15,306	64,395	1,053,098	353,936	1,407,034	55,178	14,466	69,644
Leeton (S)	11,434	4,454,842	1,307,417	5,762,259	202,794	56,605	259,399	4,350,475	1,308,883	5,659,358	307,161	55,139	362,300
Lismore (C)	44,202	5,281,644	2,439,566	7,721,210	243,388	105,616	349,004	5,221,327	2,442,124	7,663,451	303,705	103,058	406,763
Lithgow (C)	20,810	4,485,790	1,568,617	6,054,407	206,168	68,760	274,928	4,422,871	1,589,908	6,012,779	269,087	47,469	316,556
Liverpool (C)	239,430	7,098,560	2,958,642	10,057,202	343,636	127,005	470,641	7,371,931	2,936,692	10,308,623	70,265	148,955	219,220
Liverpool Plains (S)	7,655	3,229,373	1,715,498	4,944,871	147,233	74,586	221,819	3,158,556	1,724,618	4,883,174	218,050	65,466	283,516
Lockhart (S)	3,365	2,946,888	1,686,139	4,633,027	135,585	72,994	208,579	2,908,659	1,687,840	4,596,499	173,814	71,293	245,107
Lord Howe Island (Bd)	445	330,750	-	330,750	15,388	-	15,388	330,121	-	330,121	16,017	-	16,017
Maitland (C)	93,497	6,547,063	1,826,481	8,373,544	307,252	77,485	384,737	6,591,402	1,791,686	8,383,088	262,913	112,280	375,193
Mid-Coast	97,090	14,978,476	6,785,682	21,764,158	691,843	293,607	985,450	14,841,931	6,789,010	21,630,941	828,388	290,279	1,118,667
Mid-Western Regional	25,760	5,319,549	3,077,415	8,396,964	243,692	133,439	377,131	5,227,865	3,085,479	8,313,344	335,376	125,375	460,751
Moree Plains (S)	12,850	6,361,591	3,605,467	9,967,058	293,003	156,372	449,375	6,285,722	3,615,724	9,901,446	368,872	146,115	514,987
Mosman (M)	28,100	822,046	278,657	1,100,703	39,795	12,435	52,230	853,704	287,547	1,141,251	8,137	3,545	11,682
Murray River	13,007	6,779,601	3,681,486	10,461,087	313,583	158,568	472,151	6,727,205	3,666,532	10,393,737	365,979	173,522	539,501
Murrumbidgee	3,559	3,876,280	2,040,076	5,916,356	176,832	88,774	265,606	3,793,521	2,052,704	5,846,225	259,591	76,146	335,737
Muswellbrook (S)	16,516	3,419,346	1,126,109	4,545,455	156,904	49,318	206,222	3,366,013	1,140,363	4,506,376	210,237	35,064	245,301
Nambucca Valley	20,571	3,639,089	1,549,927	5,189,016	167,112	66,055	233,167	3,585,008	1,527,377	5,112,385	221,193	88,605	309,798
Narrabri (S)	12,692	6,153,145	2,930,399	9,083,544	285,259	127,379	412,638	6,119,586	2,945,364	9,064,950	318,818	112,414	431,232
Narrandera (S)	5,702	4,171,676	1,978,356	6,150,032	192,581	85,942	278,523	4,131,389	1,987,231	6,118,620	232,868	77,067	309,935
Narromine (S)	6,425	3,791,647	1,809,156	5,600,803	175,571	78,378	253,949	3,766,483	1,812,320	5,578,803	200,735	75,214	275,949
Newcastle (C)	171,316	12,040,279	2,217,202	14,257,481	565,126	95,707	660,833	12,123,497	2,213,023	14,336,520	481,908	99,886	581,794
North Sydney	69,256	1,753,671	571,125	2,324,796	84,894	25,513	110,407	1,821,208	589,917	2,411,125	17,357	6,721	24,078
Northern Beaches	263,090	6,538,410	2,676,103	9,214,513	313,474	117,461	430,935	6,724,883	2,716,024	9,440,907	127,001	77,540	204,541
Oberon	5,569	2,414,600	1,206,507	3,621,107	110,124	52,129	162,253	2,362,466	1,205,329	3,567,795	162,258	53,307	215,565
Orange (C)	43,906	4,329,149	1,497,912	5,827,061	199,510	64,245	263,755	4,280,031	1,485,530	5,765,561	248,628	76,627	325,255
Parkes (S)	14,342	5,404,450	2,655,471	8,059,921	249,021	115,450	364,471	5,342,172	2,669,541	8,011,713	311,299	101,380	412,679
Parramatta (C)	259,878	7,980,620	2,451,007	10,431,627	386,336	106,015	492,351	8,287,968	2,451,360	10,739,328	78,988	105,662	184,650
Penrith (C)	220,786	9,270,381	3,211,415	12,481,796	448,772	138,905	587,677	9,627,392	3,211,874	12,839,266	91,761	138,446	230,207
Port Macquarie-Hastings	88,145	7,393,735	3,755,135	11,148,870	346,893	162,126	509,019	7,441,799	3,748,792	11,190,591	298,829	168,469	467,298
Port Stephens	76,540	6,324,208	1,560,547	7,884,755	296,629	67,173	363,802	6,363,493	1,553,213	7,916,706	257,344	74,507	331,851
Queanbeyan-Palerang Regional	64,189	4,279,177	3,207,060	7,486,237	200,443	136,308	336,751	4,300,056	3,151,829	7,451,885	179,564	191,539	371,103
Randwick (C)	135,742	3,651,848	1,145,110	4,796,958	176,783	51,761	228,544	3,792,488	1,196,867	4,989,355	36,143	4	36,147
Richmond Valley	23,671	4,488,062	1,967,270	6,455,332	206,320	85,244	291,544	4,426,120	1,970,601	6,396,721	268,262	81,893	350,155
Ryde (C)	130,953	3,254,487	1,171,379	4,425,866	152,971	51,195	204,166	3,281,643	1,183,797	4,465,440	125,815	38,777	164,592
Shellharbour (C)	78,256	4,986,478	1,288,581	6,275,059	234,024	52,059	286,083	5,020,455	1,203,772	6,224,227	200,047	136,868	336,915
Shoalhaven (C)	109,418	10,373,915	4,421,462	14,795,377	486,844	191,911	678,755	10,444,135	4,437,477	14,881,612	416,624	175,896	592,520
Silverton (VC)	35	41,700	-	41,700	1,940	-	1,940	41,621	-	41,621	2,019	-	2,019
Singleton	25,075	3,183,769	1,690,544	4,874,313	146,373	71,900	218,273	3,140,097	1,662,548	4,802,645	190,045	99,896	289,941
Snowy Monaro Regional	21,791	8,311,330	3,482,991	11,794,321	385,469	148,854	534,323	8,269,369	3,441,947	11,711,316	427,430	189,898	617,328

2023-24 FA GRANTS Schedule of Payments Totals													
		2023-24	2023-24	2023-24	2022-23	2022-23	2022-23	2023-24	2023-24	2023-24	2023-24	2023-24	2023-24
Snowy Valleys	14,884	5,532,284	1,738,628	7,270,912	253,995	74,974	328,969	5,448,879	1,733,610	7,182,489	337,400	79,992	417,392
Strathfield (M)	46,129	1,183,222	369,607	1,552,829	57,279	16,260	73,539	1,228,790	375,949	1,604,739	11,711	9,918	21,629
Sutherland (S)	231,723	5,758,856	2,505,027	8,263,883	269,814	108,665	378,479	5,788,250	2,512,606	8,300,856	240,420	101,086	341,506
Sydney (C)	217,748	5,763,024	1,629,904	7,392,928	278,984	73,676	352,660	5,984,968	1,703,576	7,688,544	57,040	4	57,044
Tamworth Regional	64,459	7,539,184	5,354,096	12,893,280	347,143	230,694	577,837	7,447,167	5,334,265	12,781,432	439,160	250,525	689,685
Temora (S)	5,993	3,111,530	1,636,425	4,747,955	141,457	71,601	213,058	3,034,635	1,655,618	4,690,253	218,352	52,408	270,760
Tenterfield (S)	6,877	4,250,359	2,077,575	6,327,934	193,960	89,798	283,758	4,160,974	2,076,415	6,237,389	283,345	90,958	374,303
Tibooburra (VC)	95	93,642	-	93,642	4,357	-	4,357	93,464	-	93,464	4,535	-	4,535
Tweed (S)	97,718	9,079,084	3,601,882	12,680,966	425,733	158,488	584,221	9,133,133	3,664,694	12,797,827	371,684	95,676	467,360
Upper Hunter (S)	14,292	4,085,900	2,440,371	6,526,271	186,686	105,738	292,424	4,004,933	2,444,943	6,449,876	267,653	101,166	368,819
Upper Lachlan (S)	8,539	3,755,923	2,385,306	6,141,229	171,479	103,316	274,795	3,678,698	2,388,970	6,067,668	248,704	99,652	348,356
Uralla (S)	5,980	2,208,497	1,163,909	3,372,406	100,815	50,405	151,220	2,162,764	1,165,513	3,328,277	146,548	48,801	195,349
Wagga Wagga (C)	68,227	8,208,147	4,118,260	12,326,407	384,992	177,413	562,405	8,259,136	4,102,306	12,361,442	334,003	193,367	527,370
Walcha	2,999	2,109,590	1,179,574	3,289,164	94,669	51,233	145,902	2,030,911	1,184,675	3,215,586	173,348	46,132	219,480
Walgett (S)	5,513	6,015,041	2,442,648	8,457,689	273,811	106,181	379,992	5,873,988	2,455,222	8,329,210	414,864	93,607	508,471
Warren (S)	2,577	2,580,822	1,299,191	3,880,013	117,511	56,460	173,971	2,520,924	1,305,507	3,826,431	177,409	50,144	227,553
Warrumbungle (S)	9,244	5,976,921	3,070,377	9,047,298	275,646	133,088	408,734	5,913,365	3,077,355	8,990,720	339,202	126,110	465,312
Waverley	69,218	1,730,618	518,767	2,249,385	83,778	23,049	106,827	1,797,267	532,958	2,330,225	17,129	8,858	25,987
Weddin (S)	3,604	2,462,580	1,267,405	3,729,985	110,895	54,967	165,862	2,379,005	1,270,972	3,649,977	194,470	51,400	245,870
Wentworth (S)	7,555	5,208,794	2,184,290	7,393,084	241,934	94,856	336,790	5,190,145	2,193,340	7,383,485	260,583	85,806	346,389
Willoughby (C)	75,409	1,892,705	705,200	2,597,905	91,625	31,279	122,904	1,965,596	723,273	2,688,869	18,734	13,206	31,940
Wingecarribee (S)	52,779	3,786,752	2,426,368	6,213,120	177,079	104,987	282,066	3,798,828	2,427,619	6,226,447	165,003	103,736	268,739
Wollondilly (S)	55,811	2,790,317	1,726,386	4,516,703	130,955	73,877	204,832	2,809,332	1,708,207	4,517,539	111,940	92,056	203,996
Wollongong (C)	216,290	18,809,215	3,066,739	21,875,954	882,822	132,568	1,015,390	18,938,937	3,065,330	22,004,267	753,100	133,977	887,077
Woollahra (M)	53,487	1,391,289	505,216	1,896,505	67,351	22,835	90,186	1,444,870	527,996	1,972,866	13,770	55	13,825
Yass Valley	17,377	2,291,263	1,747,227	4,038,490	104,850	75,839	180,689	2,249,306	1,753,631	4,002,937	146,807	69,435	216,242
TOTALS	8,155,963	675,648,877	277,534,692	953,183,569	31,434,847	11,979,830	43,414,677	674,363,305	277,007,102	951,370,407	32,720,419	12,507,420	45,227,839

LOCAL GOVERNMENT GRANTS COMMISSION

GUIDELINES FOR SPECIAL SUBMISSIONS

1. GENERAL

All submissions **must** be consistent with the principles which have been adopted by the NSW Local Government Grants Commission (Commission). The principles are attached in **Table 1**.

Information in the submissions must relate to the year ended 30 June 2023, in order to be compatible with the Commission's **Roads, Bridges and General Information Return** for that year (for the 2024-25 grant calculations).

Only operational costs should be included; **capital costs are to be excluded**.

Submissions should be based only on *inherent* disadvantages and problems, which are outside a council's control. **Additional costs that result from deliberate policy decisions made by councils to provide a higher than average standard of service are not considered disadvantages.**

Information provided on disadvantages should be brief and the costing estimates of the disadvantages should be as accurate as is practicable.

If you have further questions, please contact the Executive Officer on (02) 4428 4100 or by email, olg@olg.nsw.gov.au.

Submissions should be emailed to the Commission at olg@olg.nsw.gov.au as soon as possible and no later than **30 November 2023**.

2. EXPENDITURE DISADVANTAGES

(a) Content

The details of the Commission's expenditure calculations for Council's area are enclosed (see **Appendix A**). This information should be used in assessing whether to make a submission on expenditure disadvantages; that is, in assessing whether the particular disadvantages of Council's area are **already recognised** in the formula. If council believes that disadvantages **other than those currently identified by the formula** have an impact on the cost of providing services, then this should be substantiated in the submission.

Similarly, if council believes that the impact of any disadvantage already identified by the Commission is greater than indicated, then the case should be argued in the submission. Please refer to **Table 2** for the basic format for a special submission. Details of the expenditure items considered, the council functions and disadvantage measures can be found in **Appendix D**.

(b) Required Format

Table 2 shows the **REQUIRED FORMAT** for submissions on expenditure disadvantages. Submissions should be **brief** and include:

- (1) the function affected (using the Commission's functional heading);
- (2) a **brief** description of the disadvantage;
- (3) a **brief** account of the action taken to deal with that disadvantage; and,
- (4) the **estimated additional cost** impact of that action.

Where a disadvantage factor affects costs across multiple council functions, separate details should be used showing the cost impact in each function area.

LOCAL GOVERNMENT GRANTS COMMISSION GUIDELINES FOR SPECIAL SUBMISSIONS

(c) Outcome

Where the Commission recognises an additional disadvantage raised in a submission beyond the measures recognised, an adjustment will be made as an "other" category.

Where an additional disadvantage is recognised which has an impact on a number of councils, the methodology will be adjusted, and *all councils* will be affected according to the extent of the relevant disadvantage.

3. REVENUE DISADVANTAGES

While the approved principles generally bind the Commission's operation in this area, councils may wish to comment on the current methodology if it is considered that these unfairly disadvantage them.

LOCAL GOVERNMENT GRANTS COMMISSION GUIDELINES FOR SPECIAL SUBMISSIONS

TABLE 1

APPROVED PRINCIPLES

1. General purpose grants to local governing bodies will be allocated as far as practicable on a full equalisation basis as defined in the *Local Government (Financial Assistance) Act 1995*; that is a basis which attempts to compensate local governing bodies for differences in expenditure required in the performance of their functions and in their capacity to raise revenue.
2. The assessment of revenue and expenditure allowances of local governing bodies will, as far as is practicable, be independent of the policy or practices of those bodies in raising revenue and the provision of services.
3. Revenue raising capacity will primarily be determined on the basis of property values; positive and negative allowances relative to average standards may be calculated.
4. Revenue allowances may be discounted to achieve equilibrium with expenditure allowances.
5. Generally, for each expenditure function an allowance will be determined using operational cost; both positive and negative allowances relative to average standards may be calculated.
6. Expenditure allowances will be discounted to take account of specific purpose grants.
7. Additional costs associated with non-resident use of services and facilities will be recognised in determining expenditure allowances.

**LOCAL GOVERNMENT GRANTS COMMISSION
GUIDELINES FOR SPECIAL SUBMISSIONS**

TABLE 2

REQUIRED FORMAT FOR SUBMISSIONS ON EXPENDITURE DISADVANTAGES

Function:

Disadvantage:

Description and Response:

Cost Impact:

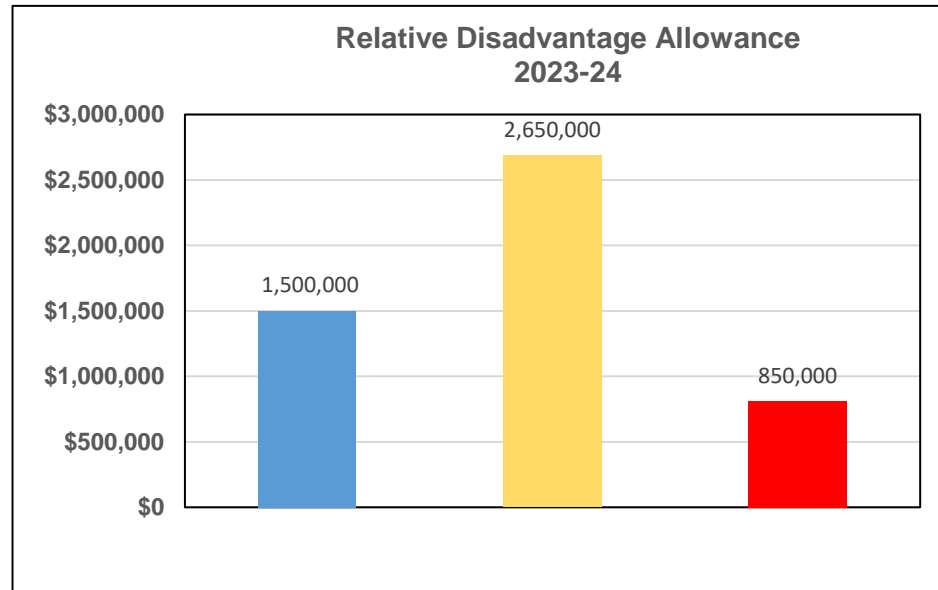
**LOCAL GOVERNMENT GRANTS COMMISSION
FINANCIAL ASSISTANCE GRANTS 2023-24**

Expenditure Functions with Expenditure Items Listed Below (Expenditure Items Source – Financial Data Return/Net Cost of Services – 5 year average gross operational costs)					
Recreation & cultural	Administration & governance	Community amenity	Community services & education	Roads, bridges & footpaths	Public order, safety, health & other
Museums	Administration	Public Cemeteries	Admin & Education	Aerodromes	Animal Containment
Art Galleries	Governance	Public Toilets	Children’s Services	Urban Roads Local	Fire Service Levy
Communities Centres & Halls		Town Planning	Aged and Disabled	Sealed Rural Roads Local	Noxious Plants & Insects
Performing Arts Venues		Street Lighting	Social Protection	Unsealed Rural Roads Local	Environment Protection
Other Sport & Recreation				Bridges on Urban Roads Local	Stormwater Management
Other Performing Arts				Bridges on Sealed Rural Roads Local	Urban Storm Drainage
Public Libraries				Bridges on Unsealed Rural Roads Local	Other
Swimming Pools				Footpaths	Health
Sporting Grounds				Parking Areas	Enforcement of Regulations
Parks and Gardens					Beach Control
					Building Control
					Street Cleaning

**LOCAL GOVERNMENT GRANTS COMMISSION
FINANCIAL ASSISTANCE GRANTS 2023-24**

Expenditure Disability Factors		
Disability Factor	Description	Data Source
Population Size	Number of people residing in local government area. The more people in a community, the cheaper it is to provide resources per person. This suggests compensation for councils with smaller populations	ABS Regional population 2021-22, Estimated Resident Population (released 20 April 2023).
ATSI	Proportion of residents identified as Aboriginal and Torres Strait Islander.	ABS 2021 Census of Population and Housing - Counts of Aboriginal and Torres Strait Islander Australians, (released 31 August 2022).
Local Road Length	Kilometres of road within a local government area being the responsibility of councils.	Data provided by OLG, based on data supplied by each local council for the 2021-22 financial year.
Environment	Hectares of environmental land (hectares of conservation and natural environment, water and inland water bodies).	ABS 1410.0 - LAND AND ENVIRONMENT, Local Government Area, 2015-2020 (released .8 April 2022).
Rainfall, topography and drainage index	An index that measures variation in the cost of construction and maintenance of stormwater drainage based on a number of considerations.	Data provided by OLG, Independent Consultants, 1987, Stormwater Drainage Return.

LOCAL GOVERNMENT GRANTS COMMISSION FINANCIAL ASSISTANCE GRANTS 2023-24



Within the GPC, \$5.0 million of the \$20.0 million CPI increase was apportioned to councils with greatest relative disadvantage on the basis of unsealed local road lengths (reported by local councils), isolation (ABS population data, 5 years averaged isolation expenditure reported by local councils, distance from Sydney and the nearest major regional centre, Western Zone Allowance), and population decline (ABS Estimated Population 2001-2022).

LOCAL GOVERNMENT GRANTS COMMISSION FINANCIAL ASSISTANCE GRANTS 2023-24



Red indicates population decline in NSW from 2002-2022.

Financial Assistance Grants 2023-24

Fact Sheet 2023



Local Government Financial Assistance Grants are paid to local councils to help them deliver services to their communities. The funds are paid annually by the Australian Government. Councils are free to use these funds at their discretion and are accountable to their communities. The Australian Government paid approximately 100% of the 2023-24 grants in advance. The remainder of the grant allocation will be paid in quarterly instalments.

2023 Update

In 2013 the Independent Local Government Review Panel recommended, "Subject to any legal constraints, seek to redistribute Federal Financial Assistance Grants and some State grants in order to channel additional support to councils and communities with the greatest needs." Following an extensive review of the financial assistance grant model 2013 to 2016, recommendations were made to refine and improve parts of the expenditure allowance under the General Purpose Component (GPC). In 2018 the Commission (Commission) began transitioning to refinements consistent with the National Principles and the NSW Government policy to allocate grants, as far as possible, to councils with the greatest relative disadvantage.

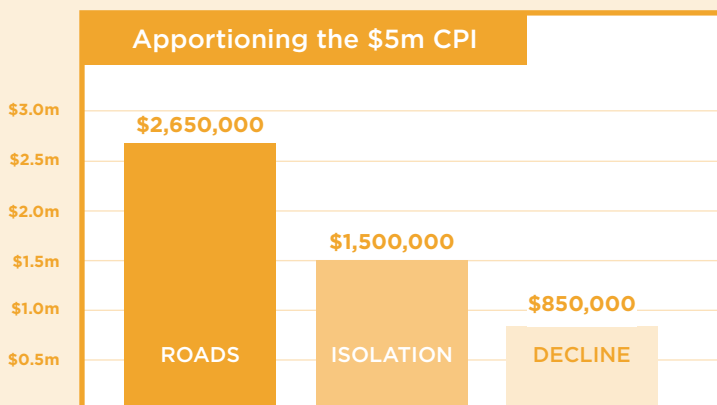
Since 2018-19, the transition arrangements have been limiting the percentage which an individual council's annual GPC can vary as follows:

- Upper limit (cap) of +5%
- Lower limit (collar) of 0%

Historically, the Commission set a range between +5% and -5%. The Commission is looking to restore caps and collars within a range of +6% to -4%. Retaining a 0% collar is resulting in more funds continuing to shift from councils with greater relative disadvantage to councils with more relative advantage. The Commission will keep the transitional arrangements for the 2023 recommendations, giving councils a sixth year to prepare. Consultation continues with the sector about the recommendations for 2024-25 and beyond and the most appropriate approach to resume the original lower limit, which may include a staged option.

Relative Disadvantage Allowance

The Commission quarantined \$5m of the CPI increase and apportioned it as an allowance for relative disadvantage.



Roads = unsealed local roads. Isolation = increased weighting for isolation allowance. Decline = councils with population decline between 2002-2022 (see negative population growth 2002-22 map page 1).



Councils with greatest relative disadvantage:

Councils with greatest relative disadvantage are generally rural and remote councils with:

- Small and declining populations
- Limited capacity to raise revenue
- Financial responsibility for sizeable networks of local roads/infrastructure & diminishing financial resources
- Relative isolation

The ongoing challenge for the Commission has been how to allocate a fairer share of the GPC to such councils when a fixed 30% of the GPC grant must be allocated based on population increases/decreases. This can result in minimum councils receiving significant increases such as occurred this year for Camden (+16.4%) and The Hills (+10.3%).

Where the Federal Government allocates a CPI increase, as occurred this year (4%), the Commission quarantines a proportion of the increase to allocate to councils with greatest relative disadvantage based on returns against 'unsealed local roads,' 'isolation' and 'population decline' (see box to the left).

In this way, some of these councils are able to achieve slightly greater than the 5% cap, consistent with the Commission's mandate from the Government.

Isolation Allowance Review

As part of its ongoing scrutiny of the currency and effectiveness of the Isolation Allowance, during 2022-23 the Commission has been engaged in testing and analysing various indicators of real cost impacts of isolation on councils.

Financial Assistance Grants 2023-24

Fact Sheet 2023



Commission meeting Nambucca 2023

Why refine the model?

It's important to note that the Commission is not implementing a new model. Over time, the model had become very complex with an increasing number of functions and disadvantage factors. The model had 20 expenditure functions and 47 disadvantage factors applied across 128 councils plus more than 100 individual occurrences of discretionary disadvantage factors.

The Commission has taken advice, tested the competing propositions and decided to implement the recommended refinements and improvements.

The refined model:

- Allocates a higher proportion of grant funding to councils with greatest relative disadvantage
- Is consistent with the National Principles
- Is consistent with NSW policy of grant allocation
- Is transparent and publishable
- Is robust, statistically verifiable and auditable
- Uses best practice financial and modelling principles
- Is modern, simplified and more flexible

General information

Funds are allocated to NSW on the basis of the National Principles under the Federal legislation - the Local Government (Financial Assistance) Act 1995. It comprises two pools of funds - the GPC and the Local Roads Component (LRC). For 2023-24 the estimated entitlement for the GPC is \$675,648,877, and the LRC is \$277,534,692 but the funds are untied. The GPC incorporates:

- Expenditure Allowance
- Revenue Allowance
- Isolation Allowance
- Pensioner Rebate Allowance
- Relative Disadvantage Allowance

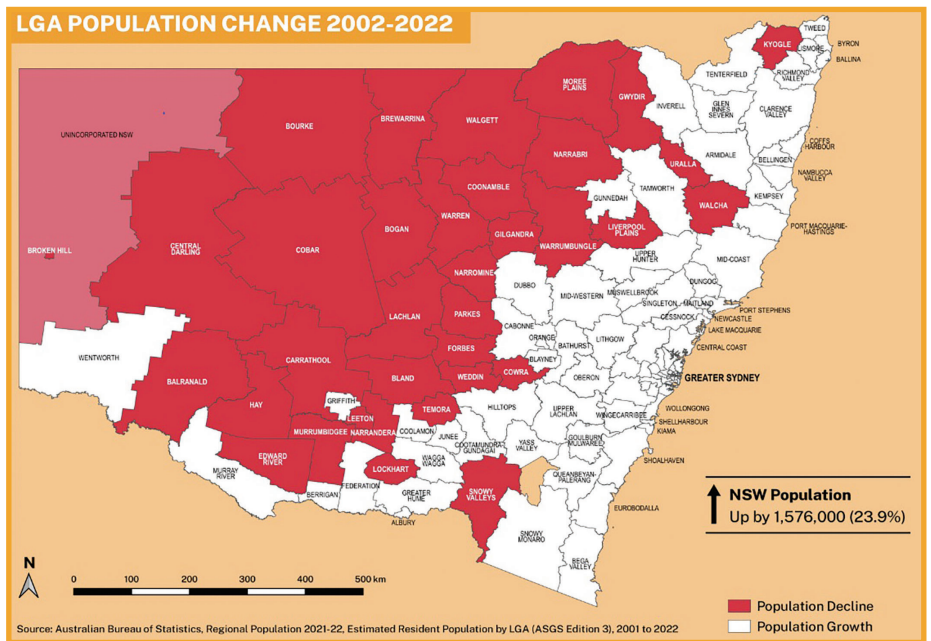
Per capita minimum grant

The legislation provides for a per capita minimum grant. The per capita minimum for 2023-24 is \$24.85. Councils on the minimum grant generally:

- Have economies of scale
- Are geographically smaller
- Are not relatively disadvantaged
- Have greater revenue raising capacity
- Experience year on year growth

There are 10 councils on the minimum grant, all located in the Sydney area. Almost 24% of the State's population live in those council areas.

Three minimum grant councils received a higher than state average increase of 4.0%, including Camden with 16.4%, The Hills with 10.3% and Hornsby on 5.2%.



General Purpose Component (GPC)

The GPC expenditure allowance remains based on council expenditure reported against the Financial Data Return grouped as follows:

- Administration & Governance
- Recreation & Culture
- Community Amenity
- Community Services & Education
- Roads, Bridges, Footpaths & Aerodromes
- Public Order, Health, Safety & Other

The 20 council functions are being retained but consolidated to six. The state average per capita cost for each function is still calculated by aggregating expenses (reported by all councils in their Financial Data Returns) for each function and divided by NSW's population.

Financial Assistance Grants 2023-24

Fact Sheet 2023



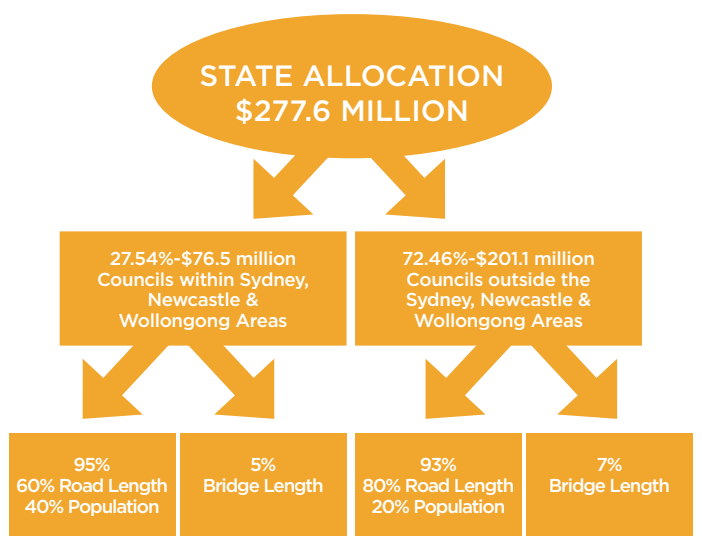
The **GPC expenditure allowance** includes five Cost Adjusters (or Disadvantage Factors/Measures) to enable the Commission to compare councils' relative disadvantage/advantage:

- Population (ABS - Total for LGA)
- Aboriginal & Torres Strait Islanders (ABS - %)
- Local road length (council - km)
- Environment (ABS - ha environmental land)
- Rainfall, topography and drainage (Consultants Willing & Partners - index)

The expenditure allowance formula is also retained:

$\text{No. of Units (LGA Population)} \times \text{State Ave \$Cost/capita for the function} \times \text{council's disadvantage factor} = \$ \text{expenditure allowance.}$

Distribution of Local Roads Component 2023-24 (29% of the national pool)



Submissions

The Commission invites council submissions annually. The purpose of a submission is to give a council the opportunity to present information on the financial impact of inherent expenditure disadvantages beyond its control that are not generally recognised in the current methodology. This allows the Commission to adequately consider all legitimate factors that affect councils' capacity to deliver services.

Contact the NSW Local Government Grants Commission

5 O'Keeffe Ave, Nowra NSW 2541
Locked Bag 3015, Nowra 2541
Telephone 4428 4100
olg@olg.nsw.gov.au

Related information:

<https://www.olg.nsw.gov.au/commissions-and-tribunals/grants-commission>

Includes information such as prior fact sheets, Grants Commission Circulars, reports and grant schedules.

Background and call for the review

The Independent Local Government Review Panel recommendation (Fact Sheet page 1) was supported by a number of other reviews and reports including:

2008 Assessing Local Government Revenue Raising Capacity, Productivity Commission Research Report:

"A number of councils, particularly in capital city and urban developed areas, have the means to recover additional revenue from their communities sufficient to cover their expenditures without relying on grants. However, a significant number of councils, particularly in rural (87%) and remote (95%) areas would remain dependent on grants from other spheres of government to meet their current expenditure. Given the differences in the scope to raise additional revenue across different classes of councils, there is a case to review the provision of Australian Government general purpose grants to local governments."

2010 Australia's Future Taxation System Report:

"The current requirement that each council receives 30% of its per capita share of untied financial assistance grants may prevent state grants commissions from redistributing to councils that require greater assistance."

2013 The NSW Local Government Grants Commission submission to the Commonwealth Grants Commission Review:

... "we have seen an increase in concerns being raised about:

- the widening gap in revenue raising capacity for larger metropolitan councils versus smaller rural councils;
- increasing infrastructure needs;
- declining population."

2014 The NSW Government's Response to the Local Government Review Panel:

"The Government supports targeting Financial Assistance Grants to communities with the greatest need. It will ask the NSW Grants Commission to continue to identify opportunities to achieve this over time, within the constraints imposed by the national funding principles. It will also ask the Commission to ensure transitional protection for those councils with lower levels of need, to minimise the impact of any redistribution."

2017 Shifting the Dial: 5 year Productivity Commission Review:

"The Commission's study into transitioning regional economies noted that where populations have declined in Local Government areas, related declines in revenue are hampering efforts to maintain infrastructure designed to service (and be funded) by larger populations."