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## 2012-13 FINANCIAL ASSISTANCE GRANTS

The NSW Minister for Local Government, the Hon Don Page MP and the Commonwealth Minister for Regional Australia, Regional Development and Local Government, the Hon Simon Crean MP, have approved the recommendations of the NSW Local Government Grants Commission for the 2012-13 financial assistance grants.

An advance payment, based on half of the estimated 2012-13 funding, was paid to local authorities on 12 June 2012. The first instalment of the balance of the funds, with an adjustment for 2011-12, is expected to be paid to local authorities on 19 September 2012. Subsequent instalments are expected to be paid on 16 November 2012; 18 February 2013; and 16 May 2013.

The 2012-13 payments, as set out in the attached schedule, are made up of the estimated entitlement for 2012-13 **less** an amount for an overpayment that occurred in 2010-11 and **less** the amount of the 2012-13 advance payment. The adjustment for 2011-12 is necessary because the actual CPI and the NSW share of the national population varied from the Commonwealth estimates used to determine the 2011-12 grants.

The Commission will post letters to each local authority outlining their payment details.

It should be noted that the 2012-13 estimated grant entitlements are based on Commonwealth estimates of the annual CPI and the states' population shares. Adjustments, if necessary, will be made to the 2013-14 payments.

Attachments to this circular give some background information about the grants together with a schedule of estimated grant entitlements for 2012-13. This same information, together with an Excel workbook showing grant entitlements since 1991-92, will be available from the Commission's web page at [www.dlg.nsw.gov.au](http://www.dlg.nsw.gov.au) (follow the "Commissions & Tribunals" links) shortly.

Should you require further information please contact the Grants Commission's Executive Officer, Bruce Wright, on (02) 4428 4132.

**Grahame Gibbs**  
Deputy Chair

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## NSW Local Government Grants Commission : 2012-13 Schedule of Recommendations

Local Governing Body	Estimated Entitlement 2012-13			LESS Brought Forward Amount Paid 12 June 2012			LESS Adjustment for 2011-12 Overpayment			Cash Payment for 2012-13		
	General Purpose	Local Roads	Total	General Purpose	Local Roads	Total	General Purpose	Local Roads	Total	General Purpose	Local Roads	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Albury (C)	5,137,972	1,212,864	6,350,836	-2,659,473	-637,396	-3,296,869	-116,591	-30,149	-146,740	2,361,908	545,319	2,907,227
Armidale Dumaresq	2,760,349	1,270,797	4,031,146	-1,457,148	-648,655	-2,105,803	-63,881	-30,682	-94,563	1,239,320	591,460	1,830,780
Ashfield	995,343	284,680	1,280,023	-533,441	-145,676	-679,117	-23,386	-6,891	-30,277	438,516	132,113	570,629
Auburn (C)	2,825,715	567,194	3,392,909	-1,375,339	-288,212	-1,663,551	-60,295	-13,633	-73,928	1,390,081	265,349	1,655,430
Ballina (S)	2,265,163	1,195,202	3,460,365	-1,146,835	-610,092	-1,756,927	-50,277	-28,858	-79,135	1,068,051	556,252	1,624,303
Balranald (S)	1,572,760	1,177,081	2,749,841	-799,634	-601,797	-1,401,431	-35,056	-28,465	-63,521	738,070	546,819	1,284,889
Bankstown (C)	5,742,324	1,466,436	7,208,760	-2,975,153	-748,098	-3,723,251	-130,430	-35,386	-165,816	2,636,741	682,952	3,319,693
Bathurst Regional	4,489,125	1,750,764	6,239,889	-2,292,816	-892,790	-3,185,606	-100,517	-42,230	-142,747	2,095,792	815,744	2,911,536
Bega Valley (S)	4,933,764	1,752,553	6,686,317	-2,557,961	-894,344	-3,452,305	-112,140	-42,303	-154,443	2,263,663	815,906	3,079,569
Bellingen (S)	2,440,939	822,521	3,263,460	-1,232,518	-419,336	-1,651,854	-54,033	-19,835	-73,868	1,154,388	383,350	1,537,738
Berrigan (S)	2,932,921	1,223,746	4,156,667	-1,491,743	-625,676	-2,117,419	-65,398	-29,595	-94,993	1,375,780	568,475	1,944,255
Blacktown (C)	16,509,899	2,879,540	19,389,439	-8,358,239	-1,455,479	-9,813,718	-366,421	-68,845	-435,266	7,785,239	1,355,216	9,140,455
Bland (S)	3,094,928	2,626,063	5,720,991	-1,579,994	-1,345,272	-2,925,266	-69,267	-63,632	-132,899	1,445,667	1,217,159	2,662,826
Blayney (S)	1,553,430	752,944	2,306,374	-771,557	-384,263	-1,155,820	-33,825	-18,176	-52,001	748,048	350,505	1,098,553
Blue Mountains (C)	6,882,590	1,280,528	8,163,118	-3,516,055	-661,518	-4,177,573	-154,143	-31,290	-185,433	3,212,392	587,720	3,800,112
Bogan (S)	1,624,324	1,306,859	2,931,183	-827,037	-667,727	-1,494,764	-36,257	-31,584	-67,841	761,030	607,548	1,368,578
Bombala	1,062,456	643,551	1,706,007	-536,129	-328,727	-864,856	-23,504	-15,549	-39,053	502,823	299,275	802,098
Boorowa	834,514	609,373	1,443,887	-413,542	-311,329	-724,871	-18,130	-14,726	-32,856	402,842	283,318	686,160
Botany Bay (C)	821,896	270,373	1,092,269	-418,973	-138,871	-557,844	-18,368	-6,569	-24,937	384,555	124,933	509,488
Bourke (S)	2,191,701	1,699,151	3,890,852	-1,123,376	-869,193	-1,992,569	-49,249	-41,114	-90,363	1,019,076	788,844	1,807,920
Brewarrina (S)	1,409,176	1,162,635	2,571,811	-719,759	-593,978	-1,313,737	-31,554	-28,096	-59,650	657,863	540,561	1,198,424
Broken Hill (C)	4,241,385	468,957	4,710,342	-2,226,323	-241,014	-2,467,337	-97,602	-11,400	-109,002	1,917,460	216,543	2,134,003
Burwood	685,313	237,452	922,765	-350,012	-121,526	-471,538	-15,344	-5,748	-21,092	319,957	110,178	430,135
Byron (S)	1,337,644	1,098,733	2,436,377	-716,893	-563,629	-1,280,522	-31,428	-26,660	-58,088	589,323	508,444	1,097,767
Cabonne	2,371,129	1,885,815	4,256,944	-1,190,602	-962,876	-2,153,478	-52,196	-45,545	-97,741	1,128,331	877,394	2,005,725
Camden	1,673,308	913,445	2,586,753	-814,437	-446,682	-1,261,119	-35,705	-21,128	-56,833	823,166	445,635	1,268,801
Campbelltown (C)	8,745,250	1,554,544	10,299,794	-4,389,432	-792,532	-5,181,964	-192,432	-37,487	-229,919	4,163,386	724,525	4,887,911
Canada Bay (C)	1,627,945	560,508	2,188,453	-815,258	-283,960	-1,099,218	-35,741	-13,432	-49,173	776,946	263,116	1,040,062
Canterbury (C)	4,536,153	978,919	5,515,072	-2,431,093	-500,971	-2,932,064	-106,579	-23,696	-130,275	1,998,481	454,252	2,452,733
Carrathool (S)	2,039,875	2,053,952	4,093,827	-1,035,809	-1,049,592	-2,085,401	-45,410	-49,647	-95,057	958,656	954,713	1,913,369
Central Darling (S)	2,202,517	1,414,433	3,616,950	-1,127,438	-722,804	-1,850,242	-49,427	-34,189	-83,616	1,025,652	657,440	1,683,092
Cessnock (C)	5,415,685	1,551,832	6,967,517	-2,745,695	-788,409	-3,534,104	-120,371	-37,292	-157,663	2,549,619	726,131	3,275,750
Clarence Valley	7,133,011	2,954,785	10,087,796	-3,718,403	-1,508,794	-5,227,197	-163,014	-71,367	-234,381	3,251,594	1,374,624	4,626,218
Cobar (S)	2,607,852	1,539,116	4,146,968	-1,324,940	-786,797	-2,111,737	-58,085	-37,216	-95,301	1,224,827	715,103	1,939,930
Coffs Harbour (C)	5,084,667	1,866,954	6,951,621	-2,609,458	-946,263	-3,555,721	-114,398	-44,759	-159,157	2,360,811	875,932	3,236,743
Conargo (S)	1,298,920	1,102,703	2,401,623	-657,609	-563,502	-1,221,111	-28,829	-26,654	-55,483	612,482	512,547	1,125,029
Coolamon (S)	1,719,021	1,159,717	2,878,738	-874,144	-592,851	-1,466,995	-38,322	-28,042	-66,364	806,555	538,824	1,345,379
Cooma-Monaro (S)	2,419,288	1,018,905	3,438,193	-1,236,375	-520,146	-1,756,521	-54,202	-24,603	-78,805	1,128,711	474,156	1,602,867
Coonamble (S)	1,847,467	1,317,709	3,165,176	-940,579	-673,403	-1,613,982	-41,235	-31,853	-73,088	865,653	612,453	1,478,106
Cootamundra (S)	1,963,699	661,631	2,625,330	-982,220	-337,704	-1,319,924	-43,060	-15,974	-59,034	938,419	307,953	1,246,372

## NSW Local Government Grants Commission : 2012-13 Schedule of Recommendations

Local Governing Body	Estimated Entitlement 2012-13			LESS Brought Forward Amount Paid 12 June 2012			LESS Adjustment for 2011-12 Overpayment			Cash Payment for 2012-13		
	General Purpose	Local Roads	Total	General Purpose	Local Roads	Total	General Purpose	Local Roads	Total	General Purpose	Local Roads	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Corowa (S)	2,920,430	1,312,190	4,232,620	-1,485,226	-667,740	-2,152,966	-65,112	-31,585	-96,697	1,370,092	612,865	1,982,957
Cowra (S)	2,802,735	1,301,624	4,104,359	-1,418,203	-664,431	-2,082,634	-62,174	-31,428	-93,602	1,322,358	605,765	1,928,123
Deniliquin	2,093,910	250,442	2,344,352	-1,066,701	-128,459	-1,195,160	-46,764	-6,076	-52,840	980,445	115,907	1,096,352
Dubbo (C)	5,158,620	1,676,343	6,834,963	-2,656,715	-854,581	-3,511,296	-116,470	-40,422	-156,892	2,385,435	781,340	3,166,775
Dungog (S)	1,386,243	803,221	2,189,464	-690,214	-410,737	-1,100,951	-30,259	-19,428	-49,687	665,770	373,056	1,038,826
Eurobodalla (S)	4,861,950	1,495,468	6,357,418	-2,469,414	-762,494	-3,231,908	-108,259	-36,067	-144,326	2,284,277	696,907	2,981,184
Fairfield (C)	9,268,598	1,593,878	10,862,476	-4,845,833	-817,164	-5,662,997	-212,440	-38,653	-251,093	4,210,325	738,061	4,948,386
Forbes (S)	2,821,248	1,723,700	4,544,948	-1,445,260	-847,406	-2,292,666	-63,360	-40,083	-103,443	1,312,628	836,211	2,148,839
Gilgandra (S)	1,539,972	1,195,142	2,735,114	-783,468	-610,654	-1,394,122	-34,347	-28,884	-63,231	722,157	555,604	1,277,761
Glen Innes Severn	2,238,424	1,230,658	3,469,082	-1,154,916	-628,023	-1,782,939	-50,631	-29,706	-80,337	1,032,877	572,929	1,605,806
Gloucester (S)	1,253,621	816,508	2,070,129	-623,305	-415,613	-1,038,918	-27,326	-19,659	-46,985	602,990	381,236	984,226
Gosford (C)	7,135,962	2,004,658	9,140,620	-3,473,233	-1,027,474	-4,500,707	-152,266	-48,600	-200,866	3,510,463	928,584	4,439,047
Goulburn Mulwaree	3,223,832	1,510,027	4,733,859	-1,638,407	-767,551	-2,405,958	-71,827	-36,306	-108,133	1,513,598	706,170	2,219,768
Great Lakes	5,107,578	1,512,594	6,620,172	-2,584,271	-769,349	-3,353,620	-113,294	-36,391	-149,685	2,410,013	706,854	3,116,867
Greater Hume (S)	3,022,702	1,816,933	4,839,635	-1,619,978	-928,384	-2,548,362	-71,020	-43,913	-114,933	1,331,704	844,636	2,176,340
Greater Taree (C)	4,759,449	2,381,051	7,140,500	-2,432,643	-1,212,481	-3,645,124	-106,647	-57,351	-163,998	2,220,159	1,111,219	3,331,378
Griffith (C)	3,069,153	1,448,098	4,517,251	-1,494,206	-739,743	-2,233,949	-65,506	-34,990	-100,496	1,509,441	673,365	2,182,806
Gundagai (S)	1,114,333	739,615	1,853,948	-542,972	-376,158	-919,130	-23,804	-17,793	-41,597	547,557	345,664	893,221
Gunnedah (S)	2,430,493	1,406,538	3,837,031	-1,257,972	-717,724	-1,975,696	-55,149	-33,949	-89,098	1,117,372	654,865	1,772,237
Guyra (S)	1,106,881	845,875	1,952,756	-584,836	-432,028	-1,016,864	-25,639	-20,435	-46,074	496,406	393,412	889,818
Gwydir (S)	1,764,028	1,794,145	3,558,173	-908,494	-917,592	-1,826,086	-39,828	-43,403	-83,231	815,706	833,150	1,648,856
Harden (S)	1,322,384	762,185	2,084,569	-669,275	-389,319	-1,058,594	-29,341	-18,415	-47,756	623,768	354,451	978,219
Hawkesbury (C)	2,794,753	1,596,156	4,390,909	-1,485,225	-821,527	-2,306,752	-65,112	-38,859	-103,971	1,244,416	735,770	1,980,186
Hay (S)	1,677,047	723,700	2,400,747	-847,927	-370,107	-1,218,034	-37,173	-17,506	-54,679	791,947	336,087	1,128,034
Hills (S)	3,660,071	1,825,336	5,485,407	-1,860,861	-933,177	-2,794,038	-81,580	-44,140	-125,720	1,717,630	848,019	2,565,649
Holroyd (C)	3,535,229	841,415	4,376,644	-1,733,729	-428,156	-2,161,885	-76,006	-20,252	-96,258	1,725,494	393,007	2,118,501
Hornsby (S)	3,316,741	1,458,680	4,775,421	-1,698,482	-744,902	-2,443,384	-74,461	-35,234	-109,695	1,543,798	678,544	2,222,342
Hunters Hill (M)	294,867	139,566	434,433	-151,082	-71,568	-222,650	-6,623	-3,385	-10,008	137,162	64,613	201,775
Hurstville (C)	1,637,477	584,514	2,221,991	-836,878	-297,173	-1,134,051	-36,689	-14,057	-50,746	763,910	273,284	1,037,194
Inverell (S)	3,198,242	1,838,359	5,036,601	-1,657,344	-938,678	-2,596,022	-72,658	-44,400	-117,058	1,468,240	855,281	2,323,521
Jerilderie (S)	1,101,786	907,475	2,009,261	-556,583	-463,770	-1,020,353	-24,400	-21,937	-46,337	520,803	421,768	942,571
Junee (S)	1,722,180	823,498	2,545,678	-863,324	-420,230	-1,283,554	-37,848	-19,877	-57,725	821,008	383,391	1,204,399
Kempsey (S)	3,846,386	1,627,215	5,473,601	-1,970,781	-829,774	-2,800,555	-86,399	-39,249	-125,648	1,789,206	758,192	2,547,398
Kiama (M)	851,753	492,936	1,344,689	-414,567	-250,627	-665,194	-18,175	-11,855	-30,030	419,011	230,454	649,465
Kogarah (C)	1,206,551	426,448	1,632,999	-612,984	-217,611	-830,595	-26,873	-10,293	-37,166	566,694	198,544	765,238
Ku-ring-gai	2,340,525	1,039,381	3,379,906	-1,181,878	-529,656	-1,711,534	-51,813	-25,053	-76,866	1,106,834	484,672	1,591,506
Kyogle	2,230,742	1,483,574	3,714,316	-1,161,946	-754,437	-1,916,383	-50,939	-35,685	-86,624	1,017,857	693,452	1,711,309
Lachlan (S)	3,626,914	3,115,433	6,742,347	-1,855,511	-1,591,852	-3,447,363	-81,345	-75,296	-156,641	1,690,058	1,448,285	3,138,343
Lake Macquarie (C)	13,417,938	2,573,529	15,991,467	-6,842,904	-1,311,443	-8,154,347	-299,991	-62,032	-362,023	6,275,043	1,200,054	7,475,097
Lane Cove (M)	683,241	249,894	933,135	-345,166	-127,170	-472,336	-15,132	-6,015	-21,147	322,943	116,709	439,652

## NSW Local Government Grants Commission : 2012-13 Schedule of Recommendations

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	General Purpose	Local Roads	Total	General Purpose	Local Roads	Total	General Purpose	Local Roads	Total	General Purpose	Local Roads	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Leeton (S)	2,817,190	929,086	3,746,276	-1,415,527	-475,033	-1,890,560	-62,056	-22,469	-84,525	1,339,607	431,584	1,771,191
Leichhardt (M)	1,132,226	401,163	1,533,389	-575,667	-204,870	-780,537	-25,237	-9,691	-34,928	531,322	186,602	717,924
Lismore (C)	4,542,855	1,793,905	6,336,760	-2,419,751	-919,037	-3,338,788	-106,081	-43,471	-149,552	2,017,023	831,397	2,848,420
Lithgow (C)	3,404,833	1,121,852	4,526,685	-1,742,106	-573,091	-2,315,197	-76,374	-27,108	-103,482	1,586,353	521,653	2,108,006
Liverpool (C)	6,903,289	1,892,196	8,795,485	-3,359,985	-954,537	-4,314,522	-147,301	-45,150	-192,451	3,396,003	892,509	4,288,512
Liverpool Plains (S)	1,809,745	1,228,739	3,038,484	-925,398	-627,547	-1,552,945	-40,569	-29,683	-70,252	843,778	571,509	1,415,287
Lockhart (S)	1,770,256	1,428,071	3,198,327	-893,433	-728,855	-1,622,288	-39,168	-34,475	-73,643	837,655	664,741	1,502,396
Lord Howe Island (Bd)	174,726	0	174,726	-88,531	0	-88,531	-3,881	0	-3,881	82,314	0	82,314
Maitland (C)	5,340,742	1,174,752	6,515,494	-2,750,637	-594,381	-3,345,018	-120,587	-28,115	-148,702	2,469,518	552,256	3,021,774
Manly	860,185	298,637	1,158,822	-434,111	-151,841	-585,952	-19,031	-7,182	-26,213	407,043	139,614	546,657
Marrickville	2,557,606	552,112	3,109,718	-1,370,716	-281,214	-1,651,930	-60,092	-13,302	-73,394	1,126,798	257,596	1,384,394
Mid-Western Regional	3,632,837	2,116,946	5,749,783	-1,863,888	-1,080,764	-2,944,652	-81,712	-51,121	-132,833	1,687,237	985,061	2,672,298
Moree Plains (S)	3,194,517	2,585,016	5,779,533	-1,643,829	-1,320,616	-2,964,445	-72,065	-62,466	-134,531	1,478,623	1,201,934	2,680,557
Mosman (M)	591,502	220,950	812,452	-302,682	-113,850	-416,532	-13,269	-5,385	-18,654	275,551	101,715	377,266
Murray (S)	2,276,695	1,386,449	3,663,144	-1,133,758	-708,102	-1,841,860	-49,704	-33,494	-83,198	1,093,233	644,853	1,738,086
Murrumbidgee (S)	1,046,865	547,100	1,593,965	-528,666	-279,605	-808,271	-23,177	-13,226	-36,403	495,022	254,269	749,291
Muswellbrook (S)	2,498,574	829,791	3,328,365	-1,275,932	-420,027	-1,695,959	-55,937	-19,868	-75,805	1,166,705	389,896	1,556,601
Nambucca (S)	2,456,254	1,080,645	3,536,899	-1,267,260	-549,416	-1,816,676	-55,556	-25,988	-81,544	1,133,438	505,241	1,638,679
Narrabri (S)	3,640,185	2,076,041	5,716,226	-1,873,040	-1,060,776	-2,933,816	-82,114	-50,176	-132,290	1,685,031	965,089	2,650,120
Narrandera (S)	2,284,901	1,375,608	3,660,509	-1,167,299	-702,897	-1,870,196	-51,174	-33,248	-84,422	1,066,428	639,463	1,705,891
Narromine (S)	2,390,959	1,261,084	3,652,043	-1,208,907	-644,604	-1,853,511	-52,998	-30,490	-83,488	1,129,054	585,990	1,715,044
Newcastle (C)	11,435,627	1,684,194	13,119,821	-5,922,770	-866,404	-6,789,174	-259,653	-40,982	-300,635	5,253,204	776,808	6,030,012
North Sydney	1,313,513	433,107	1,746,620	-670,917	-221,621	-892,538	-29,413	-10,483	-39,896	613,183	201,003	814,186
Oberon	1,366,560	848,721	2,215,281	-676,790	-432,677	-1,109,467	-29,670	-20,466	-50,136	660,100	395,578	1,055,678
Orange (C)	3,647,528	968,613	4,616,141	-1,906,006	-489,633	-2,395,639	-83,559	-23,160	-106,719	1,657,963	455,820	2,113,783
Palerang	1,551,506	1,237,827	2,789,333	-785,693	-629,654	-1,415,347	-34,445	-29,783	-64,228	731,368	578,390	1,309,758
Parkes (S)	3,444,232	1,788,503	5,232,735	-1,766,041	-913,665	-2,679,706	-77,423	-43,217	-120,640	1,600,768	831,621	2,432,389
Parramatta (C)	7,448,386	1,453,024	8,901,410	-3,625,296	-740,095	-4,365,391	-158,932	-35,007	-193,939	3,664,158	677,922	4,342,080
Penrith (C)	8,948,892	2,096,681	11,045,573	-4,727,171	-1,068,002	-5,795,173	-207,238	-50,517	-257,755	4,014,483	978,162	4,992,645
Pittwater	1,220,326	559,095	1,779,421	-619,683	-285,767	-905,450	-27,167	-13,517	-40,684	573,476	259,811	833,287
Port Macquarie-Hastings	6,224,829	2,496,356	8,721,185	-3,196,643	-1,270,330	-4,466,973	-140,140	-60,088	-200,228	2,888,046	1,165,938	4,053,984
Port Stephens	4,567,922	1,116,037	5,683,959	-2,256,815	-570,821	-2,827,636	-98,938	-27,000	-125,938	2,212,169	518,216	2,730,385
Queanbeyan (C)	2,101,393	840,748	2,942,141	-1,126,215	-428,835	-1,555,050	-49,373	-20,284	-69,657	925,805	391,629	1,317,434
Randwick (C)	2,693,568	866,892	3,560,460	-1,378,344	-442,736	-1,821,080	-60,426	-20,942	-81,368	1,254,798	403,214	1,658,012
Richmond Valley	3,201,364	1,428,781	4,630,145	-1,667,556	-729,231	-2,396,787	-73,105	-34,493	-107,598	1,460,703	665,057	2,125,760
Rockdale (C)	2,078,700	749,513	2,828,213	-1,068,207	-384,944	-1,453,151	-46,830	-18,208	-65,038	963,663	346,361	1,310,024
Ryde (C)	2,157,891	830,669	2,988,560	-1,100,564	-425,098	-1,525,662	-48,249	-20,107	-68,356	1,009,078	385,464	1,394,542
Shellharbour (C)	3,974,881	794,294	4,769,175	-2,038,037	-405,350	-2,443,387	-89,347	-19,173	-108,520	1,847,497	369,771	2,217,268
Shoalhaven (C)	8,040,274	2,966,594	11,006,868	-4,016,450	-1,506,707	-5,523,157	-176,080	-71,268	-247,348	3,847,744	1,388,619	5,236,363
Silverton (VC)	28,785	0	28,785	-14,689	0	-14,689	-644	0	-644	13,452	0	13,452

## NSW Local Government Grants Commission : 2012-13 Schedule of Recommendations

Local Governing Body	Estimated Entitlement 2012-13			LESS Brought Forward Amount Paid 12 June 2012			LESS Adjustment for 2011-12 Overpayment			Cash Payment for 2012-13		
	General Purpose	Local Roads	Total	General Purpose	Local Roads	Total	General Purpose	Local Roads	Total	General Purpose	Local Roads	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Singleton	2,170,279	1,101,485	3,271,764	-1,100,280	-561,549	-1,661,829	-48,236	-26,562	-74,798	1,021,763	513,374	1,535,137
Snowy River (S)	2,247,121	825,316	3,072,437	-1,120,148	-414,189	-1,534,337	-49,107	-19,591	-68,698	1,077,866	391,536	1,469,402
Strathfield (M)	744,957	257,391	1,002,348	-382,194	-132,096	-514,290	-16,755	-6,248	-23,003	346,008	119,047	465,055
Sutherland Shire (S)	4,440,138	1,887,922	6,328,060	-2,286,625	-968,711	-3,255,336	-100,245	-45,821	-146,066	2,053,268	873,390	2,926,658
Sydney (C)	4,351,104	1,140,154	5,491,258	-2,331,918	-580,760	-2,912,678	-102,231	-27,470	-129,701	1,916,955	531,924	2,448,879
Tamworth Regional	6,240,349	3,713,259	9,953,608	-3,269,253	-1,891,422	-5,160,675	-143,323	-89,471	-232,794	2,827,773	1,732,366	4,560,139
Temora (S)	1,834,087	1,099,300	2,933,387	-922,449	-561,751	-1,484,200	-40,440	-26,571	-67,011	871,198	510,978	1,382,176
Tenterfield (S)	2,399,012	1,502,226	3,901,238	-1,225,794	-763,657	-1,989,451	-53,739	-36,122	-89,861	1,119,479	702,447	1,821,926
Tibooburra (VC)	64,640	0	64,640	-32,987	0	-32,987	-1,446	0	-1,446	30,207	0	30,207
Tumbarumba (S)	1,330,485	521,829	1,852,314	-666,753	-266,507	-933,260	-29,230	-12,606	-41,836	634,502	242,716	877,218
Tumut (S)	2,483,389	743,560	3,226,949	-1,262,397	-379,246	-1,641,643	-55,343	-17,939	-73,282	1,165,649	346,375	1,512,024
Tweed (S)	6,518,115	2,507,568	9,025,683	-3,368,332	-1,277,311	-4,645,643	-147,667	-60,418	-208,085	3,002,116	1,169,839	4,171,955
Upper Hunter (S)	2,352,421	1,737,342	4,089,763	-1,191,524	-885,818	-2,077,342	-52,236	-41,900	-94,136	1,108,661	809,624	1,918,285
Upper Lachlan (S)	2,110,144	1,748,017	3,858,161	-1,027,055	-860,897	-1,887,952	-45,026	-40,721	-85,747	1,038,063	846,399	1,884,462
Uralla (S)	1,258,838	866,801	2,125,639	-639,166	-442,637	-1,081,803	-28,021	-20,937	-48,958	591,651	403,227	994,878
Urana (S)	1,005,726	701,586	1,707,312	-512,698	-358,061	-870,759	-22,477	-16,937	-39,414	470,551	326,588	797,139
Wagga Wagga (C)	7,140,708	2,897,618	10,038,326	-3,645,127	-1,482,544	-5,127,671	-159,802	-70,126	-229,928	3,335,779	1,344,948	4,680,727
Wakool (S)	2,027,694	1,306,307	3,334,001	-1,031,706	-669,757	-1,701,463	-45,230	-31,680	-76,910	950,758	604,870	1,555,628
Walcha	788,981	825,106	1,614,087	-400,282	-421,487	-821,769	-17,548	-19,937	-37,485	371,151	383,682	754,833
Walgett (S)	3,163,423	1,881,710	5,045,133	-1,632,640	-959,553	-2,592,193	-71,575	-45,388	-116,963	1,459,208	876,769	2,335,977
Warren (S)	1,271,975	927,601	2,199,576	-635,853	-473,869	-1,109,722	-27,876	-22,414	-50,290	608,246	431,318	1,039,564
Warringham	2,957,042	1,186,799	4,143,841	-1,510,352	-616,553	-2,126,905	-66,214	-29,163	-95,377	1,380,476	541,083	1,921,559
Warrumbungle (S)	3,551,787	2,200,170	5,751,957	-1,835,415	-1,124,449	-2,959,864	-80,464	-53,187	-133,651	1,635,908	1,022,534	2,658,442
Waverley	1,546,691	411,837	1,958,528	-822,946	-210,225	-1,033,171	-36,078	-9,944	-46,022	687,667	191,668	879,335
Weddin (S)	1,449,396	904,987	2,354,383	-739,186	-462,311	-1,201,497	-32,406	-21,868	-54,274	677,804	420,808	1,098,612
Wellington	2,289,831	1,221,581	3,511,412	-1,167,592	-625,427	-1,793,019	-51,187	-29,583	-80,770	1,071,052	566,571	1,637,623
Wentworth (S)	2,752,274	1,804,283	4,556,557	-1,410,944	-922,425	-2,333,369	-61,855	-43,631	-105,486	1,279,475	838,227	2,117,702
Willoughby (C)	1,421,843	545,673	1,967,516	-724,895	-278,123	-1,003,018	-31,779	-13,155	-44,934	665,169	254,395	919,564
Wingecarribee (S)	2,607,501	1,626,073	4,233,574	-1,315,682	-830,040	-2,145,722	-57,679	-39,262	-96,941	1,234,140	756,771	1,990,911
Wollondilly (S)	2,013,903	1,218,940	3,232,843	-980,211	-620,490	-1,600,701	-42,972	-29,350	-72,322	990,720	569,100	1,559,820
Wollongong (C)	14,701,044	2,203,692	16,904,736	-7,314,642	-1,113,411	-8,428,053	-320,672	-52,665	-373,337	7,065,730	1,037,616	8,103,346
Woollahra (M)	1,144,352	408,982	1,553,334	-579,901	-208,584	-788,485	-25,423	-9,866	-35,289	539,028	190,532	729,560
Wyang (S)	9,799,241	2,070,069	11,869,310	-4,829,224	-1,060,151	-5,889,375	-211,712	-50,146	-261,858	4,758,305	959,772	5,718,077
Yass Valley	1,621,522	1,179,403	2,800,925	-830,489	-600,963	-1,431,452	-36,408	-28,426	-64,834	754,625	550,014	1,304,639
Young (S)	2,289,323	1,151,518	3,440,841	-1,164,174	-587,546	-1,751,720	-51,037	-27,791	-78,828	1,074,112	536,181	1,610,293
<b>NSW Total</b>	<b>489,438,862</b>	<b>195,448,864</b>	<b>684,887,726</b>	<b>-249,612,000</b>	<b>-99,674,000</b>	<b>-349,286,000</b>	<b>-10,942,936</b>	<b>-4,714,661</b>	<b>-15,657,597</b>	<b>228,883,926</b>	<b>91,060,203</b>	<b>319,944,129</b>

**Note:** The 2012-13 estimated entitlements are based on Commonwealth estimates of the annual CPI and the States' population shares. Adjustments, if required, will be made to the following year's payments.

# Information Paper

## 2012-13 Financial Assistance Grants

### ***What are local government financial assistance grants?***

Local government financial assistance grants are general purpose grants that are paid to local councils under the provisions of the Commonwealth *Local Government (Financial Assistance) Act 1995*. This legislation also details how the total amount of grant funds is determined and how the funds are to be distributed between the states (including the ACT and the NT).

### ***Who decides how much each council should receive?***

Each state and the Northern Territory must have a Local Government Grants Commission for it to receive funding. It is the responsibility of each Grants Commission to make recommendations on the allocation of grants in their state. In NSW the Grants Commission makes recommendations to the NSW Minister for Local Government. If accepted the recommendations are referred to the Commonwealth Minister for Regional Australia, Regional Development and Local Government.

### ***Who is on the Grants Commission?***

The NSW Commission has four members nominated by the NSW Minister for Local Government and appointed for terms of up to five years (members may be reappointed). At least two commissioners must be persons who are or have been associated with local government in NSW and one, the deputy chairperson, must be an officer of the Division of Local Government, Department of Premier and Cabinet. The membership as at 30 June 2012 is:

Richard Colley	Chairperson ( <i>former General Manager, Bankstown City Council</i> )
Grahame Gibbs	Deputy Chairperson ( <i>Director, Performance Management and Compliance, Division of Local Government</i> )
Dr Elizabeth Coombs	Member ( <i>former senior NSW Public Servant</i> )
Frank Pangallo	Member ( <i>former Mayor, Queanbeyan City Council</i> )

### ***How should councils spend the money?***

Although there are two separately identified grant components, the total funds are paid to councils as unconditional grants. The local council has complete autonomy in deciding how the funds should be spent. Each council is accountable to its rate payers.

### ***How much money is involved and how is it distributed?***

The estimated national entitlement for 2012-13 is \$2.192 billion. This is made up of a general purpose component (\$1.518 billion) and a local roads component (\$674 million).

The general purpose component is distributed on a basis that takes into account each state's share of the national population. NSW receives \$489.4 million, or 32.24% of the national pool.

The local roads component is distributed on the basis of fixed shares of the national pool - for NSW it amounts to \$195.4 million (29% of the national funds).

It should be noted that the total funds are passed on to councils. The Grants Commission's operating costs are met by the NSW State Government.

### ***How are the grants paid to councils?***

The payments are generally made in quarterly instalments, starting in mid-August each year.

Each year the entitlements are based on CPI and population projections. If the projections are not realised then adjustments are made in the following year.

An overpayment occurred for the amount paid in 2011-12. The overpayment amounted to \$52.9 million nationally. NSW was overpaid \$10.9 million for the general purpose component and \$4.7 million for the local roads component - a total of \$15.7 million. This was because the final CPI and states' population shares varied from the Commonwealth estimates upon which estimated entitlements were based. The adjustments are made across councils' 2012-13 quarterly payments.

In addition, the Commonwealth Government brought forward one-half of the estimate of the 2012-13 grants for payment in 2011-12. The advance was allocated to councils on the basis of 2011-12 entitlement relativities and was paid to local authorities on 12 June 2012. The balance of the 2012-13 payments, with adjustments for the 2011-12 estimated entitlements, is to be paid during 2012-13 by way of quarterly instalments.

### ***I understand the Commonwealth brought forward part of the 2012-13 grants. How does that work?***

As part of the May federal budget the Commonwealth announced that it would bring forward one-half of the estimate of the 2012-13 local government financial assistance grant allocation for payment in the 2011-12 financial year. A similar arrangement applied last year.

The balance of the funds will be paid with a corresponding reduction to the quarterly instalments during 2012-13. Adjustments will also take into account revised funding levels and the recommended entitlements for 2012-13.

### ***How does the Grants Commission distribute the money?***

The two components of the grants are distributed on the basis national principles under the provisions of the Commonwealth Act and NSW principles, which have been developed in consultation with local government.

The **general purpose component** of the grants attempts to assess the extent of relative disadvantage between councils. The approach taken by the Commission considers the extent of cost disadvantage in the provision of services on the one hand (**expenditure allowances**) and an assessment of the relative capacity of councils to raise revenue on the other (**revenue allowances**). The national principles require that the method used to assess the grants should exclude, as far as practicable, councils' policies and practices (the **effort neutral** principle). The Act also specifies that all councils are entitled to a minimum amount. For 2012-13 the minimum amount is \$20.11 per capita. Twenty-three councils are protected by the minimum grant provision.

The **local roads component** is assessed on the basis of councils' proportion of the state's population and the lengths of local roads and bridges. The formula was developed by Roads and Maritime Services.

### ***Can you tell me more about expenditure allowances?***

Expenditure allowances are part of the general purpose component of the grant. They are calculated for each council for a selected range of council functions, such as libraries, health, building control, recreation, roads, etc. Expenditure allowances attempt to compensate councils for the extent of relative disadvantage because of issues beyond their control.

Council policy decisions concerning the level of service provided, or if there is a service provided at all, are not considered (effort neutral).

### ***How does the Commission calculate expenditure allowances?***

Expenditure allowances are calculated for 20 functions or areas of expenditure. An additional allowance is calculated for councils outside the Sydney area that recognises their isolation.

The general formula for the calculation of expenditure allowances is:

$$\text{Allowance} = \text{No. of Units} \times \text{Standard Cost} \times \text{Disability}$$

Where:

**No. of Units** is the measure of use of the function for the Council. For most functions the number of units is the council's population. For others it may be the number of properties or the length of local roads.

The **Standard Cost** is the average of annual average net expenditure, per unit, by all councils in the state, averaged over five years.

The **Disability** is the measure of the extent of relative disadvantage a council faces in providing a standard service because of issues beyond its control. For each function the characteristics likely to influence the cost are identified and measured. The measure is then related to the potential additional costs to councils.

#### ***Using Library Service as an example:***

*The unit of use is population. Council A has a population of 10,000. The standard cost of library service is \$30.19 per capita.*

*It is assumed that a council with a population of 10,000 would spend \$301,900 on library services (ie. 10,000 x \$30.19).*

*The expenditure allowance is the estimate of how much extra it would cost Council A to provide the necessary service due to inherent characteristics of its area. So for each function those inherent factors likely to influence the cost of that function are identified and measured. For libraries the factors identified are:*

#### ***non-resident borrowers:***

*recognises additional cost of providing services to an above average proportion of non-residents.*

#### ***aged:***

*recognises the extra cost of providing special services to the aged such as large print books or home visiting services where there is an above average proportion of aged persons.*

#### ***students:***

*recognises students as a major user group of library services.*

#### ***non-English speaking background:***

*recognises additional costs of information provision where there is an above average proportion of the population from NESB.*

#### ***population distribution:***

*recognises extra cost of providing services in more than one urban centre.*

#### ***other:***

*special characteristics of the area which may be highlighted by Council in submissions and during discussion with the Commission.*

*For each factor's measure the Commission determines a weighting to reflect its significance in terms of additional cost. These are summed to produce a disability factor for the Council.*

*For example if Council A has 3 urban centres, an above average proportion of non-resident borrowers and an above average proportion of aged it may be assessed as having a disability of 20%. This would be included in the calculation:*

$$10,000 \times \$30.19 \times 0.2 = \$60,380$$

*in other words, it is estimated that it would cost the council \$60,380 more than the standard council because of its inherent disabilities. \$60,380 becomes Council A's expenditure allowance for libraries.*



### ***What about the assessment of revenue raising capacity?***

The Commission is attempting to assess a ranking of councils in terms of their relative capacity to raise revenue. The calculation of revenue allowances involves determining each council's theoretical capacity to raise revenue by comparing land values per property to a state standard and applying the state standard rate-in-the-dollar. For comparative purposes the Commission purchases valuation data that has been calculated to a common base date for all councils by the Valuer-General.

To reduce seasonal and market fluctuations in the property market, the valuations are averaged over three years. In the revenue allowance calculation, councils with low values per property are assessed as being disadvantaged (positive allowances). Councils with high values per property are assessed as being advantaged (negative allowances). That is, the theoretical revenue capacity of each council is equalised against the state standard.

To be consistent with the effort neutral principle the Commission's approach excludes the rating, financing and entrepreneurial policies of individual councils. For the same reason a council's current financial position is not considered.

### ***Why use property values at all? Aren't there better measures of revenue raising capacity?***

The Commission has found that property values provide a useful state-wide basis for comparative analysis. The assessment of relative capacity of councils to raise revenue is an issue that involves more than councils' rating capacity. In this broader context property values provide a measure of the changes that occur in the relative economic wealth between council areas from year-to-year. For example, in times of economic growth property values increase. In times of economic decline property values fall. An examination of other data sets, such as tax, retail sales, and census information, shows them to be less reliable, less timely, and not able to provide the same state-wide comparative basis as property values.

### ***I understand the Commission discounts the revenue allowance. What does that mean?***

In developing the methodology the Commission was concerned that the influence of the Sydney property values would distort results if the natural weighting was applied. That is, the revenue allowances would have substantially more significance than the expenditure allowances. This issue was discussed with the Commonwealth and the approved principles provide that "*revenue allowances may be discounted to achieve equilibrium with the expenditure allowances*". As a result both allowances are given equal weight.

The discounting helps to overcome the weighty nature of the revenue calculations, in particular the impact of the Sydney metropolitan property values.

The objective approach to discounting revenue allowances reduces the extreme positives and negatives calculated, yet maintains the relativities established in the initial calculation.

### ***Why is rate pegging not considered when calculating a council's revenue raising capacity?***

The calculations are essentially dealing with relative disadvantage. Since rate pegging affects all councils the Commission does not specifically consider it.

### ***How does the number of non-rateable properties affect the calculations?***

Non-rateable properties are excluded from the Commission's calculations. The calculations deal with relativities between councils, based on an assessment of rateable properties only.

### ***How does the Commission's calculations compare to the Commonwealth funding for the general purpose component?***

The Commission's calculation of general purpose grants is initially made without reference to the total of funds available from the Commonwealth. The notional general purpose grant to each council must be re-scaled, firstly to the available funds, and secondly to bring those councils below the per capita minimum (\$20.11 for 2012-13) up to that level, as required in the Act. Each council receives less than half of their assessed as need, based on the Commission's calculations.

### ***Why do the grants to councils vary from year to year?***

Generally movements in the grants are caused by:

#### **POPULATION CHANGES**

The source for estimated resident population data (preliminary) as at 30 June 2011 is ABS publication *Regional Population Growth, Australia, 2010-11* (cat. no. 3218.0).

When comparing the preliminary 2011 population figures to the preliminary 2010 figures (those used in last year's grant calculations), the NSW population increased by 1.0%. However, individual council area population variations ranged from an increase of 2.8% for Canada Bay City Council to a 1.7% reduction for Wellington Council.

Population is the multiplier used in the calculation of disability expenditure allowances for thirteen functions.

#### **CHANGES IN STANDARD COSTS AND DISABILITY MEASURES**

##### **standard costs**

Special Schedule 1 data from all councils' statements of accounts is used to calculate the state average or standard costs for the expenditure functions assessed.

In an attempt to improve the stability of the grants the Commission uses a five-year moving average of the annual standard costs. Averaging over five years produces shares that are more stable than annual averages. It is acknowledged that it does so at the expense of responsiveness to annual variations.

##### **annual fluctuations**

For some functions the measures used to determine disability factors can be sensitive to annual fluctuations. These changes reflect changes in the relative disadvantage that occur between councils on a year to year basis.

## **LOCAL ROAD AND BRIDGE LENGTH VARIATIONS**

Road and bridge length data is collected from all councils annually. Variations in the data affects the distribution of both the general purpose and the local roads components of the grants.

State-wide the local road length reported by councils has increased by 335 km, compared with the previous year's 32 km reduction. The aggregate of the length of bridges on local roads dropped by 51 m, compared with last year's 2,182 m increase.

Variations for individual council's road lengths range from an increase of 97 km to a reduction of 13 km. Changes to reported bridge length ranged from an increase of 124 m to a 456 m decrease.

## **CHANGES IN PROPERTY VALUES**

Property values form the basis of the Commission's assessment of revenue allowances. Changes in relativities between councils' per-property-values and those of the state average affect grant outcomes.

Councils showing the greatest decreases in their revenue allowances generally represent those LGAs where property values have remained stable or are rising, compared to the state average.

Councils in areas of declining economic activity (generally reflected in falling property values) have generally shown increases in their revenue allowances.

## ***How is capital expenditure treated?***

The requirements for capital expenditure or major infrastructure renewal are not considered, largely because of the practical and theoretical problems involved.

In order to assess capital expenditure requirements the Commission would have to undertake a survey of the infrastructure needs of each council and then assess the individual projects for which capital assistance had been sought.

This would undermine council autonomy, because the Commission, rather than the council, would determine which projects were worthwhile.

In addition, councils that had failed to adequately maintain their assets could be rewarded at the expense of those that did maintain them.

## ***What about a council's money making venture?***

This is a policy decision by the council and, therefore, it is not considered in the Commission's calculations (effort neutral).

## ***Can the Commission help out if a council's money making venture fails?***

No. The Commission is not a lender of last resort for councils with financial problems, nor does it underwrite the entrepreneurial operations of councils.

The Commission has no form of reserves to fall back on. The total allocation of funds each year is distributed to councils in that year.

## ***What about debt servicing?***

Debt servicing is really related to council policy and is, therefore, excluded from the Commission's calculations.

## ***What about poor decisions of the past?***

This is also linked to the issue of council policy, albeit in the past.

## ***Does a council's level of expenditure on a particular function affect the grant?***

Generally not. The use of council's expenditure in the calculations is generally limited to determining a state standard, or average, cost for each selected function. The standard costs for these functions are then applied to all councils in calculating their grants. What an individual council may actually spend on a function has very little bearing on the standard cost or its grant. Variations in standard costs reflect industry expenditure trends.

## ***What about efficiency? Are efficient councils rewarded in some way?***

Yes! Because a council's grant is assessed independent of policy decisions of the council, a council that provides a cost effective service still receives grant funding which it can allocate to other areas according to its priorities. The efficient council will benefit from its efficiency.

## ***The Commission groups councils according to the Australian Classification of Local Government categories. Do these groupings affect the grant outcomes?***

No. These categories are merely a convenient way of grouping councils for analysis purposes. They have no bearing on the grants themselves. The grants are assessed on a whole-of-state basis.

## ***What happens in the event of council amalgamations?***

National principles provide that *where two or more local governing bodies are amalgamated into a single body, the general purpose grant provided to the new body for each of the four years following amalgamation should be the total of the amounts that would have been provided to the former bodies in each of those years if they had remained separate entities.*

## ***Where can I get more information?***

You can get more information about the grant process by contacting the NSW Grants Commission at:

5 O'Keefe Avenue, Nowra NSW 2541  
Locked Bag 3015, Nowra NSW 2541  
Telephone: (02) 4428 4132 Fax: (02) 4428 4199  
Internet: [www.dlg.nsw.gov.au](http://www.dlg.nsw.gov.au) (follow links)  
E-mail: [grants@dlg.nsw.gov.au](mailto:grants@dlg.nsw.gov.au)

Information is also available from the Australian Government's web site at [www.regional.gov.au](http://www.regional.gov.au).

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**Web: <http://www.dlg.nsw.gov.au> (follow the "Commissions & Tribunals" links)**



# Highlights 2012-13 Financial Assistance Grants

## **ENTITLEMENTS – 2012-13**

Financial assistance grants are paid as general purpose grants under the provisions of the Commonwealth *Local Government (Financial Assistance) Act 1995*.

The grants consist of two components: a general purpose component and a local roads component. There are no conditions attached to the expenditure of these funds by councils.

Both components are determined on the basis of principles developed in consultation with local government in NSW and are consistent with the national principles of the Act.

The national estimated entitlement for 2012-13 is \$2.1192 billion. This is made up of \$1.518 billion for the general purpose component and \$674 million for the local roads component. The total represents a 4.41% increase on the 2011-12 CPI and population adjusted entitlement.

The entitlement for 2012-13 may be adjusted if the actual change in the annual CPI to March 2013 or and the state's share of the national population to 31 December 2011 varies from the estimates on which the entitlement has been determined.

An overpayment occurred for the amount paid in 2011-12. The overpayment amounted to \$52.9 million nationally and \$15.7 million for NSW. This was because the CPI and population estimates used by the Commonwealth to determine 2011-12 grants varied from the actual figures. Grant adjustments are made proportionally across all councils and are taken off the 2012-13 quarterly instalments.

The total funds for New South Wales, compared to the 2011-12 CPI/population adjusted entitlements, are:

<b>2012-13 Financial Assistance Grants – NSW</b>			
Component	Estimated Entitlement	National Share	Change on Last Year
General Purpose	\$489,438,862	32.24%	3.82%
Local Roads	\$195,448,864	29.01%	4.41%
<b>Total</b>	<b>\$684,887,726</b>	<b>31.25%</b>	<b>3.99%</b>

As part of the 2012 May federal budget the Commonwealth Government announced that it would bring forward one-half of the estimate of the 2011-12 grant for payment in the 2011-12 financial year. This is the fourth year advance payment arrangements have been in place. The 2012-13 advance payment was allocated between councils based on the 2011-12 entitlement relativities and was paid to local authorities on 12 June 2012.

The balance of the 2012-13 payments, with adjustments for the 2011-12 estimated entitlements, is expected to be paid during 2012-13 by way of quarterly instalments.

## **GENERAL PURPOSE COMPONENT – 2012-13**

The method used to determine the general purpose component of the grant has generally not changed since last year. Annual variations in the grants are generally caused by population changes, road and bridge length changes and changes in the data used to assess the grants.

### **POPULATION CHANGES**

The source for estimated resident population data (preliminary) as at 30 June 2011 is ABS publication *Regional Population Growth, Australia, 2010-11* (cat. no. 3218.0).

When comparing the preliminary 2011 population figures to the preliminary 2010 figures (those used in last year's grant calculations), the NSW population increased by 1.0%. However, individual council area population variations ranged from an increase of 2.8% for Canada Bay City Council to a 1.7% reduction for Wellington Council.

### **CHANGES IN STANDARD COSTS AND DISABILITY MEASURES**

#### **standard costs**

Special Schedule 1 data (net operating costs) from all councils' statements of accounts is used to calculate the state average or standard costs for the expenditure functions assessed.

In an attempt to improve the stability of the grant the Commission uses a five-year moving average of the annual standard costs. Averaging over five years produces shares that are more stable than annual averages. It is acknowledged that it does so at the expense of responsiveness to annual variations. Annual variations in the standard costs will affect grant outcomes. Changes in standard costs reflect changes in expenditure patterns across local government generally. When the relativities between the standard costs for the functions assessed by the Commission change the relativities between each council's total of expenditure allowances also changes.

### annual fluctuations

For some functions the measures used to determine the extent of relative disadvantage can be sensitive to annual fluctuations. These changes reflect changes in the relative disadvantages that occur between councils on a year-to-year basis.

### LOCAL ROAD AND BRIDGE LENGTH VARIATIONS

Road and bridge length information is collected from all councils annually. Data changes affect the distribution of both the general purpose and the local roads components of the grants.

State-wide the local road length reported by councils increased by 335 km, compared with the previous year's 32 km reduction. The aggregate of the length of bridges on local roads dropped by 51 m, compared with last year's 2,182 m increase.

Variations for individual council's road lengths range from an increase of 97 km to a reduction of 13 km. Changes to reported bridge length ranged from an increase of 124 m to a 456 m decrease.

### CHANGES IN PROPERTY VALUES

Property values form the basis of the Commission's assessment of revenue allowances. Changes in relativities between councils' per-property-values and those of the state average affect grant outcomes.

Councils showing the greatest decreases in their revenue allowances generally represent those LGAs where property values have remained stable or are rising, compared to the state average.

Councils in areas of declining economic activity (generally reflected in falling property values) have generally shown increases in their revenue allowances.

Generally, councils in coastal and fringe metropolitan areas have experienced the highest relative increases.

### General Purpose Component Highlights

*Note: comparisons are based on the 2011-12 CPI/population adjusted entitlements and category references are based on the Australian Classification of Local Government.*

- New South Wales' general purpose estimated entitlement for 2012-13 is \$489,438,862.
- NSW's share of the general purpose component is 32.24%, which is down on last year because NSW's share of the national population has decreased.
- The increase in the general purpose grant to NSW is 3.82%, compared to the national increase of 4.41%.

- Because of concerns about data quality and in the interests of grant stability, the Commission capped changes in the general purpose component to a maximum increase of 8.8% and a maximum decrease of -1.2%.
- One hundred and forty-five (145) of the state's one hundred and fifty-five (155) local authorities (includes Lord Howe Island, Silverton, and Tibooburra) received increases in their general purpose component grant.
- Increases in the general purpose component grant to nine councils, Auburn, Camden, Gosford, Griffith, Kiama, Liverpool, Parramatta, Upper Lachlan, and Wollondilly, were capped at the maximum allowable 8.8%.
- Councils receiving the greatest reductions in their general purpose component grant were Ashfield, Byron, Canterbury, Greater Hume, Marrickville, Queanbeyan, and Sydney, each with reductions capped at -1.2%.
- Metropolitan councils received an average increase of 4.2% compared to the state average 3.8%. The average increase across non-metropolitan councils was 3.7%.

#### Metropolitan (those in the Sydney Statistical District)

- The average increase for metropolitan councils is 4.2%, compared to the overall state increase of 3.8%.
- Twelve of the twenty-three minimum grant councils received increases above the state average increase (Botany Bay, Canada Bay, Hills, Kogarah, Ku-ring-gai, Lane Cove, Leichhardt, Manly, Pittwater, Ryde, Willoughby and Woollahra), which reflects above average growth in these areas.
- Four metropolitan councils (Ashfield, Canterbury, Marrickville and Sydney) received reductions limited to -1.2%.
- Six metropolitan councils received maximum increases of 8.8%.
- As a group, urban fringe very large councils received an average increase of 5.5%, followed by the urban fringe medium group with a 4.6% average increase.
- One of the three urban fringe medium councils (Hawkesbury) received a reduced grant.
- The overall results for metropolitan councils generally reflect the relative changes in property values as a result of a continued, patchy, contraction of the Sydney property market.

#### Non-metropolitan (outside the Sydney Statistical District)

- The average increase for non-metropolitan councils is 3.7%, compared with the overall state increase of 3.8%.
- Three non-metropolitan councils (Griffith, Kiama and Upper Lachlan) received increase limited to the maximum 8.8%. The increases are generally the result of property or road relativity changes.
- As a group, urban regional medium councils received an increase of 2.9%. Two councils received reduced grants: Byron (-1.2%) and Queanbeyan (-1.2%).
- All five councils in the urban regional large group recorded increases in their grant, with an overall average increase of 3.7%.
- Urban regional very large councils received average increases of 4.3%.



- The two broad categories of rural agricultural medium and rural agricultural medium, which collectively have forty-five councils, each have average increases of 4.4%.
- Councils in the rural agricultural very large category received an average increase of 3.4% with one council, Greater Hume, receiving a -1.2% decrease. Greater Hume's decrease is the flow-on effect of the previous year's "capping" of decrease, which was principally caused by road data changes.
- The four councils in the rural agricultural small group received an average increase of 4.2%.
- A summary of the changes to the general purpose grants to local governing bodies is shown in the table below:

Changes in General Purpose Grants		
Range	No. of Councils	% of Councils
-1% to 0%	10	6.5%
>0% to 2.5%	18	11.6%
>2.5% to 5%	96	61.9%
>5% to 7.5%	20	12.9%
>7.5% to 10%	11	7.1%
	*155	100.0%

\* Includes the Lord Howe Island Board and the Silverton and Tibooburra Village Committees

### Per Capita Minimum

Twenty-three councils (the same number as last year), all located in the Sydney metropolitan area receive the "safety net" minimum entitlement. The council areas on the per capita minimum of \$20.11 are: Burwood, Botany Bay, Canada Bay, Hornsby, Hills, Hunters Hill, Hurstville, Kogarah, Ku-ring-gai, Lane Cove, Leichhardt, Manly, Mosman, North Sydney, Pittwater, Randwick, Rockdale, Ryde, Strathfield, Sutherland, Warringah, Willoughby, and Woollahra.

## LOCAL ROADS COMPONENT – 2012-13

The local roads component was calculated according to principles agreed to with local government and consistent with the national principles. The formula, originally developed by Roads and Maritime Services, is based on each council's proportion of local road and bridge length and resident population numbers.

### Local Roads Component Highlights

**Note:** comparisons are based on the 2011-12 CPI/population adjusted entitlement.

- New South Wales' estimated entitlement for 2012-13 is \$195,448,864, an increase of 4.4% on last year's entitlement. The increase is the same as the national increase in the local roads component.
- New South Wales receives a fixed share of the national allocation of 29%.
- The method of distribution has remained unchanged.
- There were no physical road and bridge audits undertaken by the Commission during 2012-13. A small number of councils were asked to provide evidence of their changed road data.

- A summary of the changes is shown in the following table:

Changes in Local Roads Grants		
Range	No. of Councils	% of Councils
>0% to 2.5%	2	1.3%
>2.5% to 5%	138	90.8%
>5% to 7.5%	29	5.9%
>7.5% to 10%	3	2.0%
	*152	100.0%

\* Excludes Lord Howe Island Board and the Silverton and Tibooburra Village Committees

- Variations in the local roads component grant are the result of changes in councils' population shares and changes in reported road or bridge length figures.
- Reported road length data used in 2012-13 increased by 335 km, compared with the previous year's 32 km reduction. Bridge length dropped by 51 m, compared with a 2,182 m increase last year.
- Variations for individual council's road lengths range from an increase of 97 km to a reduction of 13 km. Changes to reported bridge length ranged from an increase of 124 m to a 456 m decrease.

## TOTAL GRANTS – 2012-13

Local government financial assistance grant entitlements to New South Wales for 2012-13 total \$684,887,726, an increase on the 2011-12 CPI/population adjusted entitlement of 4.0%, compared to the national increase of 4.4%.

- A summary of the changes to the total grants to local governing bodies is shown below:

Changes in Total Grant		
Range	No. of Councils	% of Councils
-1.5% to 0%	4	2.6%
>0% to 2.5%	17	11.0%
>2.5% to 5%	140	67.1%
>5% to 7.5%	24	15.5%
>7.5% to 10%	6	3.9%
	*155	100.0%

\* Includes the Lord Howe Island Board and the Silverton and Tibooburra Village Committees

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## Glossary

<b>Cash payment</b>	The cash payment is the amount the council will receive in a year. The cash payment is the estimated entitlement for a year plus or minus adjustments for under or overpayments in the previous year. Cash payments are made by way of quarterly instalments commencing not before 15 August each year.	<b>Inclusion method</b>	The inclusion of all assessed expenditure in the council's financial assistance grant, including that related to Commonwealth and state specific purpose funding.
<b>Disability</b>	Any influence, beyond a council's control, which would lead it to spend more (or less) per unit than the state average to provide the average level of service.	<b>Local Government Grants Commission</b>	In each state and the Northern Territory, Local Government Grants Commissions have been established under state and territory jurisdictions to provide recommendations on the distribution of the available general purpose and local roads component grants to councils in that state/territory.
<b>Disability factor</b>	A measure of the underlying influence on a council's expenditure which produces a disability, expressed as a percentage of the state average.	<b>Local roads component</b>	That part of the financial assistance grant that is determined by the Commission for local roads. This is separate from the calculation of standardised expenditure for local roads within the general purpose component of a council's financial assistance grant. The payment was formerly made as a tied grant and became untied from 1991-92.
<b>Effort neutral</b>	The assessment of a financial assistance grant is effort neutral when it neither rewards nor penalises a council where expenditure or revenue raising patterns vary from the state average because of differences in policy, efficiency or the levels of self help.	<b>Overpayments and underpayments</b>	These occur when the actual consumer price index (CPI) and states' population shares differ from the forward estimates upon which the estimated entitlement is based. The Commonwealth determines these differences and adjustments are made to the following year's cash payments. For example: if the Commonwealth estimates a CPI increase of 3% and the actual final figure is below 3%, then an overpayment occurs; if the final figure is above 3% then an underpayment occurs.
<b>Effort positive</b>	The assessment of a financial assistance grant is effort positive when it rewards or penalises a council where expenditure or revenue raising patterns vary from the state average because of differences in policy, efficiency or the levels of self help.	<b>Per capita minimum</b>	This is the minimum entitlement for each council's general purpose component of the FAGs. The amount is based on 30 per cent of available funds in each state being distributed on a per capita basis. This entitlement only becomes effective when a council's general purpose component grant falls below this minimum entitlement.
<b>Estimated entitlement</b>	The estimated entitlement for financial assistance grants is based on Commonwealth estimates of the annual consumer price index movements (March to March) and the states' population shares (see Section 9 of the Commonwealth Act for further details).	<b>Specific purpose grant</b>	Payments made by Commonwealth or state governments to a council for a specific purpose. Such specific purpose grants usually require a council to meet conditional arrangements in order to receive a grant.
<b>Exclusion method</b>	The exclusion from the calculation of a council's financial assistance grant of all assessed expenditure linked to Commonwealth or state specific purpose funding.	<b>Standard cost</b>	A five-year average of weighted annual average unit costs, excluding extremes, results in the standard cost.
<b>Financial assistance grants (FAGs)</b>	Refers to payments made under the <i>Local Government (Financial Assistance) Act 1995</i> . The payments consist of two components: a general purpose component and a local roads component. However, the payments are made unconditionally to local government. That is, councils can spend the funds according to their own locally determined priorities.	<b>Standardised revenue and expenditure</b>	This is the assessed (rather than the actual) revenue and expenditure for each council determined by the Commission as required for horizontal equalisation purposes, which takes into account each council's expenditure needs, revenue raising capacity, and disabilities.
<b>Function</b>	A function is a service provided by the majority of councils, which is assessed by the Commission in order to calculate a council's financial assistance grant. For example, library services.	<b>Unit cost</b>	Commission identified recurrent expenditure for a function for a council divided by that council's appropriate number of units.
<b>General purpose component</b>	That part of the financial assistance grant component that is determined by the Commission on the basis of horizontal equalisation principles.	<b>Units</b>	This is the term used to describe the number of appropriate units to be serviced in the provision of any particular function. Units may be population, the number of properties, km of road, etc.
<b>Horizontal equalisation</b>	The objective of the grants is to ensure that each council is able to function, by reasonable effort, at a standard not lower than the average standard of other local governing bodies in the state. The calculations attempt to assess the relative needs in expenditure required in performing its functions and in the capacity to raise revenue.		