



Annual Report
2002–03



NSW Local Government Grants Commission
Annual Report 2002-03

The Hon. Tony Kelly MLC
Minister for Local Government

Dear Minister,

I present the Annual Report of the New South Wales Local Government Grants Commission covering the Commission's operation during the year ended 30 June, 2003 and including the Commission's recommendations for the distribution of financial assistance grants for 2003-04.

The reporting requirements of the Annual Reports (Departments) Act, 1985, are met by the inclusion of a report by the Commission in the Department of Local Government's Annual Report, 2002-03.

Yours faithfully

A handwritten signature in black ink, appearing to read 'M. Daly'. The signature is fluid and cursive, with a large, prominent loop at the end.

Emeritus Professor Maurice Daly
Chairperson

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I would also like to thank the Commission's executive officer, Bruce Wright, for his tremendous input. For most of the year he has had to handle the data collection and processing, and manage the interface with the 172 councils without back-up support. Bruce has done this with characteristic good humour, and application. Without his dedicated work the Commission could not operate.

The major new initiative has been to try and incorporate the costs to council of tourism impacts. This has proved to be a difficult task because of the limitations of the available data. We are confident that this important factor will be incorporated into the next round of grants.

A handwritten signature in white ink, appearing to read 'M. Daly', with a large, stylized initial 'M'.

Emeritus Professor Maurice Daly
Chairperson

Function, Membership and Staff

Function

The primary function of the Grants Commission is to make recommendations to the Minister for Local Government on the allocation to local governing bodies in New South Wales of general purpose grants under the provisions of the Commonwealth *Local Government (Financial Assistance) Act 1995*.

The Commission may also report on any matter referred to it by the Minister.

Membership

The Commission consists of four members appointed for terms of up to five years. The members of the Commission are eligible for reappointment. The members consist of:

- three members nominated by the Minister, one of whom is the Chairperson;
- the Deputy Chairperson, who is an officer of the Department of Local Government.

Of the members, at least two must be persons who are or have been associated with local government in New South Wales.

The members of the Commission are part-time other than the Deputy Chairperson who is a full-time officer of the Department of Local Government.

The current part-time members of the Commission are appointed for the following periods:

- Emeritus Professor Maurice Daly, Chairperson – to 30 June 2007
- Grahame Gibbs, Deputy Chairperson – to 31 December 2007
- Councillor Warren Mundine, Member – to 30 June 2007
- Councillor Heather Wilton, Member – to 30 June 2007

Member profiles are included in Appendices.

Staff

The Commission's staff consists of full-time officers of the Department of Local Government:

- Bruce Wright, Executive Officer
- Cary Mather, Finance Officer (to 16 November 2002)

The Commission acknowledges the substantial contribution of the staff.

Summary of Activities 2002–03

National Conference

The Tasmania Grants Commission hosted the 2002 Annual Conference of State Grants Commissions, 21–23 October 2002. Those attending the conference included representatives from the States' Grants Commissions; the National Office of Local Government; the Australian Bureau of Statistics and local government representatives. The conference agenda included reports by the Chairs of States' Grants Commissions and a report on the role and responsibilities of the National Office of Local Government. The conference also considered the review of the *Local Government (Financial Assistance) Act 1995* by the Commonwealth Grants Commission and the Commonwealth's Cost Shifting Inquiry; the application of geographic information systems to the grant process in South Australia; demographic drivers of population change and issues facing councils with significant population change; Canadian federal and municipal financial relations; national competition policy; and reform of local government in Tasmania.

Act Review

In June 2000 the Commonwealth Grants Commission (CGC) was asked to provide the Commonwealth Government with advice on several aspects of the Local Government (Financial Assistance) Act 1995. As a result of submissions and a series of capital city and regional meetings the CGC released its final report in June 2001. Details of the review can be found on the CGC's website at www.cgc.gov.au.

In May 2002 the Commonwealth, partly in response to the CGC's review, announced that the House of Representatives Economics Committee was to examine the issue of cost shifting onto local government. The terms of reference for the inquiry include an examination of *"The findings of the Commonwealth Grants Commission Review of the Local Government (Financial Assistance) Act 1995 of June 2001, taking into account the views of interested parties as sought by the Committee."* The terms of reference also state *"The inquiry is to be conducted on the basis that the outcomes will be budget neutral for the Commonwealth."*

The Inquiry called for submissions and held a series of public hearings around Australia during 2002–03. Further information about the House of Representatives Economics Committee's inquiry is available from its website at www.aph.gov.au/house/committee/efpa/localgovt/index.htm.

Relocation

The Commission's administrative function relocated to Nowra, along with those of the NSW Department of Local Government. Operations ceased at Bankstown on 17 January 2003 and re-commenced at Nowra on 20 January 2003.

Visits to Councils

The Commission visited twenty-two councils during 2002–03. The number of councils visited was less than the target number. This was a result of the Grants Commission's relocation to Nowra. The Commission aims to visit all councils over a four to five year cycle. Details of councils visited during the year are shown in the appendices.

The visits provide a forum for the Commission to explain the grant process and, more importantly, give councils an opportunity to meet with the Commission, ask specific questions of the grant process, and present their particular problems. Visits are open to the public and act as public hearings in relation to the Commonwealth Act.

The good working relationship that exists between the Commission and the Local Government Association and the Shires Association is an important aspect of the consultative approach taken by the Commission.

Data Collection Returns

Councils were required to complete annual data returns for use by the Commission in its calculations. The data returns were e-mailed to all councils. Completed returns were then e-mailed back for processing.

The distribution of the data returns was staggered over three months (September, October, and November), thereby, easing the burden on councils completing the returns.

Response times for the Commission's *General Return* improved significantly compared to 2001-02. One hundred and forty-five General Returns were received by the due-by date compared with the previous year's 133. On-time responses for the *Roads Return* were 162 compared to the previous year's 140. Councils are reminded that accurate and timely statistical and financial information is an essential element to the grant calculations.

Submissions

Councils were once again invited to make submissions to the Commission highlighting the particular problems arising from their inherent disabilities. The Commission provided detailed guidelines on the preparation of submissions, with a summary of the calculation of expenditure disability factors. The guidelines and summaries were intended to make the submissions lodged by councils more directly related to the methodology used by the Commission, especially in the determination of disability factors.

The Commission appreciates the efforts made by those councils that provided information in the format suggested.

Road and Bridge Length Audits

The Commission continued its program of auditing councils' road and bridge data during 2002–03 with four councils being audited. A summary of the auditor's report is included in the appendices.

Payments 2002–03

During 2002–03 the grants continued to be paid in quarterly instalments.

The total payments to local governing bodies are summarised below:

16 August 2002	\$119,393,172
18 November 2002	\$119,393,172
18 February 2003	\$119,393,172
16 May 2003	\$119,393,176
Total	\$477,572,692*

Notes

Commonwealth estimates of the consumer price index and the States' shares of population on which the 2001-02 recommendations were based varied from the actual change in the CPI March 2002 and the population shares to 30 December 2001. Therefore, an adjustment was made to the instalments of the 2002–03 grant and is reflected in Schedule of Entitlements shown in this report. The total increase was \$8,194,839.

Similarly, in 2002–03 the CPI/population estimates varied from the actual resulting in an underpayment. Adjustments are made to each instalment of the 2003-04 grant payments. The underpayment amounted to \$1,442,851. The adjustment has been made to councils proportionally.

Highlights for 2003–04 Grants

The total funds for New South Wales, compared to 2002–03:

Component	2002–03 CPI/Pop. Adjusted Entitlement	2003–04 Estimated Entitlement	% Change
General Purpose	341,069,580	352,335,917	3.3%
Local Roads	129,751,124	134,512,990	3.7%
Total	470,820,704	486,848,907	3.4%

General Purpose Component—2003–04

The method used to determine the general purpose component of the grant has generally not been changed since last year.

Movements in the grants from year to year are generally caused by population changes, road and bridge length changes and changes in the data used to assess relative disadvantage.

Population Changes

The source for estimated resident population data as at 30 June 2002 is ABS publication *Regional Population Growth, Australia and New Zealand, 2001–02* (cat. no. 3218.0). The figures were based on annual adjustments by the ABS to the 2001 census data.

As a result of boundary changes the estimated resident population numbers for Leichhardt, South Sydney, Sydney, Waverley and Woollahra council areas have been revised on the basis of information provided to the Grants Commission by the ABS. Therefore, the population figures shown in this report for these council areas will vary from those published by the ABS.

Compared to the figures used in last year's calculations, the state's population increased by 1.65%. Individual council variations ranged from increases of 178% for Sydney, 11.8% for Snowy River and 11.3% for Copmanhurst to reductions of 33.7% for South Sydney, 17.9% for Leichhardt and 5.2% for Cobar.

Population changes directly affect the grant calculations for expenditure allowances.

Changes In Standard Costs And Disability Measures

standard costs

Special Schedule 1 data from the statements of accounts for all councils is used to calculate the state average standard costs. Individual council's expenditure patterns or methods of accounting have little impact on their grant.

However, 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 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 data are collected from all councils annually. Variations in these data affect the distribution of both the general purpose and the local roads components of the grants.

Statewide the local road length reported by councils has increased by 159 km, compared with the previous year's increase of 133 km. The aggregate of the length of bridges on local roads increased by 362 m, compared with last year's 62 m decrease.

Variations for individual council's road lengths range from an increase of 79 km to a reduction of 144 km. Changes in reported bridge length ranged from an increase of 175 m to a 113 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.

General Purpose Component Highlights

Note: comparisons are based on the 2002–03 CPI/population adjusted entitlements and category references are based on the Australian Classification of Local Government.

New South Wales' general purpose estimated entitlement for 2003–04 is \$352,335,917.

This state's share of the general purpose component is 33.72% (a decrease on last year because NSW's share of the national population has decreased).

The increase in the general purpose grant to NSW is 3.30%, compared to the national increase of 3.67%.

One hundred and fifty-six of a total one hundred and seventy-five local authorities (includes Lord Howe Island, Silverton, and Tibooburra) received increased grants.

Sydney City received the largest increase of 182%. Next are Hume (10.0%), Rylstone (9.1%) and Bega Valley (8.1%). Sydney City is on the per capita minimum grant and its increase is the direct result of boundary changes.

Metropolitan (councils within the Sydney Statistical District)

The average increase for metropolitan councils was 1.2% compared to the state increase of 3.3%.

Sydney City received the largest general purpose grant increase (182%), which reflects a recent boundary change involving Leichhardt and South Sydney local government areas.

The increase in grants for urban developed small category was 0.5%. The three councils in this group are all on the per capita minimum grant. Two of the three councils experienced population decline.

As a group, urban developed medium councils received a 6.3% reduction in grant. Leichhardt and South Sydney had reductions of 21.5% and 31.7%, respectively, as a result of boundary changes. Two of the nine minimum grant councils in this group had reductions in population. Ashfield, Botany Bay and Waverley also had reduced grants. Canada Bay received an above average 4.1% increase as a result of population growth.

Urban developed large councils receive changes in grant ranging from -4.0% for Rockdale, which has now moved to the minimum grant, to a 2.3% increase for Hurstville (a minimum grant council). Holroyd and Marrickville councils had reductions of 3.8% and 2.6% respectively—both showed drops in population and strengthening property values.

The average increase for councils in the urban developed very large classification was 2.5%. Bankstown and Canterbury had reduction of 2.0% and 1.1% respectively—both experienced population decline. The largest increase of 6.7% was for Blacktown.

Four of the eleven urban fringe councils receive increases at or above the state average. Baulkham Hills' 5.9% was the highest increase. Camden (-0.2%), Campbelltown (-0.2%), and Gosford (-2.2%) each received reduced grants, largely the result of strengthening property values, which reflects, to some extent, the economic growth occurring in these areas.

Non-metropolitan (councils outside the Sydney Statistical District)

The average increase for non-metropolitan councils was 4.3%, compared to the state's 3.3% increase.

Urban regional small councils received average increases of 3.8%, with only one of the fourteen councils (Kiama) in this group receiving a reduced general purpose grant compared to 2002–03.

Urban regional medium councils generally received above average increases, with this group's average increase being 5.7%. Bega Valley's increase of 8.1% was the highest, while Lismore's 2.6% increase was the lowest.

Councils in the urban regional large and very large groups all showed above average increases in grant. Tweed received the highest increase of 7.4%, followed by Shoalhaven with 4.9%.

Councils classified rural small and medium generally received increases a little below the state average. Those in the rural large, very large, and remote categories generally received increases a little above the average.

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
>–10%	2	1.1
–5% to –2.5%	4	2.3
–2.5% to 0%	13	7.4
0% to 2.5%	34	19.4
2.5% to 5%	80	45.7
5% to 7.5%	38	21.7
>7.5%	4	2.3
	*175	100.0

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

Per Capita Minimum

Twenty-two councils (one more than last year), all located in the Sydney metropolitan area, will receive the “safety net” minimum entitlement provision. Rockdale has moved to the minimum grant for the first time. The councils on the per capita minimum of \$15.92 are: Baulkham Hills, Burwood, Canada Bay, Hornsby, Hunter’s Hill, Hurstville, Kogarah, Ku-ring-gai, Lane Cove, Manly, Mosman, North Sydney, Pittwater, Randwick, Rockdale, Ryde, Strathfield, Sutherland, Sydney, Warringah, Willoughby, and Woollahra.

Local roads component—2003–04

The local roads component was calculated on the basis of a formula developed by the Roads and Traffic Authority according to principles agreed to with local government and consistent with the national principles.

Variation in road and bridge length data has affected the distribution of the grants. This has been significant for a small number of councils.

Local Roads Component Highlights

Note: comparisons are based on the 2002–03 CPI/population adjusted entitlement.

New South Wales’ allocation for 2003–04 is \$134,512,990, an increase of 3.67% on last year’s allocation, the same as the national increase.

New South Wales’ share of the national allocation is 29% (the same as last year).

The method of distribution has remained unchanged.

The Commission continued its program of road and bridge length audits during 2002–03, with four councils being audited.

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

Changes in Local Roads Grants

Range	No. of Councils	% of Councils
>–10%	3	1.7
–5% to –2.5%	1	0.6
0% to 2.5%	16	9.3
2.5% to 5%	135	78.5
5% to 7.5%	13	7.6
7.5% to 10%	3	1.7
>10%	1	0.6
	*172	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 2003–04 increased 159 km compared to the previous year. Bridge length decreased by 362 m.

Total Grants—2003–04

Local government financial assistance grants to New South Wales for 2003–04 total \$486,848,907, an increase on the 2002–03

CPI/population adjusted entitlement of 3.40%, compared to the national increase of 3.67%.

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
>–10%	2	1.1
–10% to –2.5%	2	1.1
–2.5% to 0%	13	7.4
0% to 2.5%	25	14.3
2.5% to 5%	100	57.1
5% to 7.5%	29	16.6
7.5% to 10%	3	1.7
>10%	1	0.6
	*175	100.0

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

Financial Assistance Grants Questions and Answers

What are local government financial assistance grant?

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 from the Commonwealth. 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 by the Minister, the recommendations are referred to the Commonwealth Minister for Regional Services, Territories and Local Government for final approval.

Who is entitled to receive the funds?

Financial assistance grants are provided to local governing bodies (councils), defined in Section 4(2) of the Commonwealth Act as:

- “(a) a local governing body established by or under a law of a State, other than a body whose sole or principal function is to provide a particular service, such as the supply of electricity or water; or
- (b) a body declared by the Minister, on the advice of the relevant State Minister, by notice published in the Gazette, to be a local governing body for the purposes of this Act.”

In NSW there are 172 councils, as well as the Lord Howe Island Board, and the Village Committees of Silverton and Tibooburra.

How much money is involved and how is it distributed?

The national estimated entitlement for 2003-04 is just over \$1.5 billion. This is made up of a general purpose component (\$1.045 billion) and a local roads component (\$464 million).

The general purpose component is distributed on the basis of each State's (including the ACT and the NT) share of the national population. NSW receives \$352.3 million, or about 34% (NSW has 34% of Australia's population).

The local roads component is distributed on the basis of a historical formula—for NSW it amounts to \$134.5 million (or 29% of the national funds).

2003–04 Estimated Entitlement

State/ Territory	General Purpose	Share %	Identified Road Component	Share %	Share Total	%
NSW	352,335,917	33.72	134,512,990	29.01	486,848,907	32.27
VIC	258,936,368	24.78	95,583,296	20.62	354,519,664	23.50
QLD	198,076,245	18.96	86,866,875	18.74	284,943,120	18.89
WA	102,482,222	9.81	70,889,381	15.29	173,371,603	11.49
SA	80,493,714	7.70	25,479,490	5.50	105,973,204	7.03
TAS	25,053,704	2.40	24,569,000	5.30	49,622,704	3.29
NT	10,423,850	1.00	10,860,402	2.34	21,284,252	1.41
ACT	17,041,597	1.63	14,866,427	3.21	31,908,024	2.12
Total	1,044,843,617	100.00	463,627,861	100.00	1,508,471,478	100.00

How are the grants paid to councils?

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

It should be noted that the estimated entitlements are based on CPI and population projections. If the projections are not realised then adjustments are made.

An underpayment occurred for the amount paid in 2002–03. The underpayment amounted to \$6 million nationally and \$1.4 million for NSW. This was due to an underestimate by the Commonwealth of cpi and population changes. Grant adjustments are made proportionally across all councils and are added to the 2003–04 quarterly instalments.

How should councils spend the money?

Section 15 of the Act requires that the funds are to be paid unconditionally. Councils have complete autonomy in deciding how the grant funds should be spent. Councils are accountable to their ratepayers.

How does the Grants Commission distribute the money?

The two components of the grants are distributed on the basis of principles developed in consultation with local government and consistent with the national principles of the Commonwealth Act. The principles are shown in the appendices of this report.

What about the general purpose component, how is it treated?

With the general purpose component the Grants Commission attempts assess the extent of relative disadvantage between councils. The approach taken considers cost disadvantage in the provision of services on the one hand (expenditure allowances) and an assessment of revenue raising capacity on the other (revenue allowances). Because the grants are unconditional the methodology is objective and excludes, as far as practicable, councils' policies and practices (the effort neutral principle).

The Commonwealth Act spells it out a little more formally. Section 6(2)(a) of the Act requires the payment of grants is to “*have regard to the need that the allocation of funds...is made, as far as practicable, on a full horizontal equalisation basis*”. Section 6(3) goes on to define full horizontal equalisation as a basis that “*ensures that each local governing body in a State is able to function, by reasonable effort, at a standard not lower than the average standard of other local governing bodies in the State, and that takes account of differences in the expenditure required to be incurred by local governing bodies in the performance of their functions and in the capacity to raise revenue.*”

What about the local roads component?

The method of allocation used by the Commission for the local roads component is similar to the approach used by the RTA prior to the decision of the 1990 Premiers' Conference to untie the funds. Each council receives funding based on their proportion of the State's population, local road length and the length of bridges on local roads.

Do councils have to spend the local roads component on roads?

No. Although the local roads component is separately identified it forms part of the total financial assistance grants, which are untied. It is entirely up to the council to decide how the funds should be spent.

Effort neutral was mentioned. Can that be explained a little more?

The effort neutral approach promotes the independence of the policies and practices of local governing bodies in raising revenue and providing services. This means that the grant to a particular council is not influenced by that council's level of rates, its level of expenditure on particular functions, the degree to which it may become involved in business undertakings, or the extent of its reserves or its debt.

Effort neutrality is central to the distribution of funds and it protects the autonomy of local government.

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 their relative disadvantage resulting from issues that are 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 twenty 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 population. For some others it may be the number of properties or the length of roads.

The **Standard Cost** is the weighted average net expenditure, per unit, by all councils in the State.

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.

Can you tell me more about disability factors?

A disability factor is the Commission's estimate of the extent of relative disadvantage, expressed as a percentage, of providing a standard service due to issues that are beyond a council's control. It should be noted that, consistent with the effort neutral principle, the Commission does not compensate councils for cost differences, that arise due to policy decisions of council, management performance, or accounting differences. For example, if it is estimated that it would cost a council 10% more than the standard, for town planning, because of population growth in the area, then the disability factor would be 10%.

For each function the Commission has identified a number of variables which are considered to be the most significant in influencing a council's expenditure on that particular function. These variables are termed disabilities. A council may have a disability due to inherent factors such as topography, climate, traffic, duplication of services etc. The appendices give details of the disabilities considered for each function. In addition to disabilities identified by the Commission, "Other" disabilities relating to individual councils may be determined from council visits or submissions.

The general approach for calculating a disability factor is to take each disability relating to a function and apply the following formula:

$$\text{Disability Factor} = \left(\frac{\text{Council Measure}}{\text{Standard Measure}} - 1 \right) \times 100 \times \text{weighting}$$

Where:

Council Measure is the individual council's measure for the disability being assessed (for example, population growth);

Standard Measure is the State standard (generally the average) measure for the disability being assessed; and

The **Weighting** is meant to reflect the significance of the measure in terms of the expected additional cost. The weightings have generally been determined by establishing a factor for the maximum disability based on a sample of councils or through discussion with appropriate peak organisations.

Generally negative scores are not calculated, that is, if the council score is less than the standard, a factor of zero is substituted. The factors calculated for each disability are then added together to give a total disability factor for the function.

Can you give an example of how expenditure allowances are calculated?

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 \$21.71 per capita.

It is assumed that a council with a population of 10,000 would spend \$217,100 on library services (ie. 10,000 x \$21.71).

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:

$$10,000 \times \$21.71 \times 0.2 = \$43,420$$

In other words, it is estimated that it would cost the council \$43,440 more than the standard council because of its inherent disabilities. \$43,440 becomes Council A's expenditure allowance for libraries.

Are the grants affected by any Specific Purpose Grants the council may receive?

The Commission uses the inclusion approach in the treatment of specific purpose grants for library services and local roads. This means that the disability allowance is discounted by the specific purpose grant as a proportion of the standardised expenditure. The formula used is shown in the appendices.

For other functions the deduction approach is used. This method deducts grant amounts from all councils' expenditure in the calculation of standard costs. This approach is considered more appropriate for functions where the level of specific purpose payment assistance is related to council effort. The deduction approach is, therefore, more consistent with the "effort neutral" requirement specified in the principles.

The proportion of eligible pensioner rebates varies from council to council. Does the Commission recognise this?

A pensioner rebate allowance is calculated which recognises that the council share of pensioner rebates is an additional cost. Councils with high proportions of eligible pensioner rebates are, therefore, more disadvantaged than those with a lower proportion. Details of the formulas used to calculate allowances for the proportion of ratepayers eligible for pensioner rebates are contained in the appendices.

Councils outside the Sydney area generally have higher freight and telephone costs. Is that recognised?

Yes. In addition to the calculation of allowances for each expenditure function, the Commission also calculates an allowance for additional costs associated with isolation. The isolation allowance is calculated using a regression analysis model based councils' distances from Sydney and the nearest major regional centre. Details of the formula are shown in the appendices. An additional component is included which specifically recognises the additional industrial relations obligations of councils in western NSW.

What about the revenue allowance of the general purpose component?

The calculation of revenue allowances involves determining each council's theoretical revenue raising capacity 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 and are brought up to the average (positive allowances). Councils with high values per property are assessed as being advantaged and are brought down to the average (negative allowances). That is, the theoretical revenue capacity of each council is equalised against the State standard. The Commission's approach excludes the rating policies of individual councils.

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

The Commission has found that property values provide the best State-wide basis for comparative analysis. The assessment of revenue raising capacity is an issue that involves more than councils' rates. In that 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 influence of the Sydney property values would distort results if the natural weighting were applied. That is, the revenue allowances would have substantially more significant 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 the extent of relative disadvantage between councils. Since rate pegging affects all councils it is not specifically considered.

What about a council that is given approval by the Minister to increase its rates above the rate pegging limit, is it penalised?

No. Because the calculations are based on the State average rate-in-the-dollar, councils that are granted approval to increase their rates above the pegging limit are neither rewarded nor penalised. Similarly, councils that forgo rate increases, or apply increases below the pegging limit, are neither rewarded nor penalised. The calculations are essentially dealing with relativities between councils, and rate pegging affects all councils. Therefore, rate pegging is not specifically considered. As indicated previously, the Commission's approach excludes the rating policies of individual councils.

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 the theoretical revenue raising capacity of rateable properties for councils.

Do all councils receive a grant?

Yes. Section 6(2)(b) of the Commonwealth Act requires that for the general purpose component every local governing body should receive a minimum amount. This is an amount, which would be allocated if 30% of the funds available were distributed among councils on a per capita basis. Minimum entitlements for the 2003-04 grants have been determined by the Commission using Australian Bureau of Statistics population estimates (preliminary) for each council area, at 30 June 2002. The 2003-04 per capita minimum is \$15.92. There are twenty-two councils (one more than last year) that receive the per capita minimum general purpose component of the grant.

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* (\$15.92 for 2003-04) up to that level, as required in the federal legislation. Councils above the per capita minimum receive about half of the amount 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 annual variations in: property valuations; standard costs; road and bridge length; disability measures; and population. More information is given in the “highlights” chapter of this report.

How is capital expenditure treated?

The requirements of councils for capital expenditure are not considered by the Commission 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 is sought. This would undermine council autonomy, because the Commission, rather than the council, would determine which projects were worthwhile. In addition, councils which had failed to adequately maintain their assets could be rewarded at the expense of those that did maintain them.

What about water and sewerage schemes?

The issue of funding for local water and sewerage undertakings was examined during the process of consultation between the Commission, the Local Government and Shires Associations, and local government generally. The consultation process preceded the development of the distribution principles required under the 1986 Commonwealth legislation.

The Associations and local government recommended to the Commission that water and sewerage functions should not be included in the financial assistance grants distribution principles. The main reasons given were:

- water and sewerage services are not functions performed by all general purpose councils in NSW. For example, metropolitan areas are serviced by Sydney Water and in many country areas county councils are the service providers;
- the management arrangements for water and sewerage services varies from State to State;
- if water and sewerage functions were to be considered the level of funds available for other council functions would be significantly diminished;
- including water and sewerage services would result in a reduced and distorted distribution of funds to general purpose councils; and

- other sources of funds and subsidies are available to councils by the State government for water and sewerage schemes.

When the distribution principles were developed following the inquiry the Commission agreed with the submissions of the Associations and local government and excluded water and sewerage functions from the distribution formula.

The Commission is still of the view that water and sewerage functions should be excluded from the grant distribution process.

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.

Can the Commission help out if our 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 operation 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, 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 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 councils rewarded in some way?

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

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

No. The categories are merely a convenient way of grouping councils for analysis purposes. They have no bearing on the grants themselves.

What happens in the event of council amalgamations?

In the event of council amalgamations, the new council will receive grants for two years as if the councils had remained separate entities. Any subsequent changes may be phased in at the discretion of the Commission. Councils that have successfully embarked on structure reform have not suffered reduced grants as a result of amalgamations.

Schedule of Grant Entitlements

The Commission's recommendations for the distribution of funds to local government in New South Wales for 2003–04, together with the actual entitlements for 2001–02 and 2002–03, are set out in the accompanying table. The recommendations have been determined in accordance with the provisions of the Local Government (Financial Assistance) Act, 1995; the Local Government Act 1993; and the methodology as set out in this Report.

Estimated grant entitlements for 2003–04 are based on Commonwealth estimates of the annual CPI and the States' shares of the national population. Adjustments, if necessary, will be made to the following year's payment instalments.

Entitlements for 2001–02 and 2002–03 have been adjusted for variations in the estimates of CPI and the States' shares of the national population. Adjustments are made across councils proportionally. An underpayment of \$8,194,839 occurred in 2001–02, and an underpayment of \$1,442,851 in 2002–03.

Information on grant entitlements for previous years is available from the Grants Commission's web page at www.dlg.nsw.gov.au/grants.htm.

Local Governing Body	2001-02				2002-03				2003-04			
	Estimated Resident Population as at 30/6/00	Actual Entitlement			Estimated Resident Population as at 30/6/01	Actual Entitlement			Estimated Resident Population as at 30/6/02	Estimated Entitlement		
		General Purpose Component	Local Roads Component	Total		General Purpose Component	Local Roads Component	Total		General Purpose Component	Local Roads Component	Total
Albury (C)	42,384	2,860,544	678,920	3,539,464	42,644	3,061,167	709,652	3,770,819	44,460	3,270,250	742,791	4,013,041
Armidale Dumaresq	24,656	1,850,100	860,060	2,710,160	24,383	1,961,431	860,622	2,822,053	24,804	2,013,601	885,653	2,899,254
Ashfield (M)	42,181	892,480	197,220	1,089,700	42,362	874,593	204,475	1,079,068	40,400	864,841	204,912	1,069,753
Auburn	58,247	1,406,260	332,332	1,738,592	59,179	1,450,298	346,652	1,796,950	60,135	1,485,256	359,779	1,845,035
Ballina (S)	37,074	1,811,236	724,392	2,535,628	37,534	1,993,360	761,803	2,755,163	38,889	2,062,713	789,178	2,851,891
Balranald (S)	2,871	1,078,000	737,532	1,815,532	2,828	1,098,613	768,852	1,867,465	2,764	1,138,730	812,219	1,950,949
Bankstown (C)	172,213	3,787,904	971,084	4,758,988	174,114	3,963,193	1,010,886	4,974,079	173,370	3,883,953	1,039,114	4,923,067
Barraba (S)	2,169	680,488	453,400	1,133,888	2,135	659,368	455,131	1,114,499	2,232	651,388	475,813	1,127,201
Bathurst (C)	30,307	1,720,448	491,792	2,212,240	30,663	1,873,011	518,958	2,391,969	30,930	1,993,589	529,131	2,522,720
Baulkham Hills (S)	136,568	2,077,716	1,027,536	3,105,252	144,532	2,264,081	1,088,771	3,352,852	150,572	2,397,036	1,156,328	3,553,364
Bega Valley (S)	29,036	2,841,572	1,074,224	3,915,796	29,257	3,039,927	1,122,361	4,162,288	31,164	3,284,731	1,196,279	4,481,010
Bellingen (S)	12,543	1,479,516	494,596	1,974,112	12,506	1,555,891	517,047	2,072,938	12,767	1,609,948	533,820	2,143,768
Berrigan (S)	8,080	1,576,724	829,324	2,406,048	8,055	1,655,548	864,547	2,520,095	8,186	1,779,530	893,917	2,673,447
Bingara (S)	1,982	500,956	335,316	836,272	1,932	516,058	346,142	862,200	2,055	531,790	359,133	890,923
Blacktown (C)	260,332	10,007,868	1,699,312	11,707,180	261,260	10,368,885	1,792,490	12,161,375	270,109	11,068,405	1,892,315	12,960,720
Bland (S)	6,218	2,161,076	1,688,848	3,849,924	6,144	2,244,111	1,767,154	4,011,265	6,642	2,330,384	1,839,819	4,170,203
Blayney (S)	6,317	906,728	490,260	1,396,988	6,330	938,483	500,743	1,439,226	6,618	977,590	518,836	1,496,426
Blue Mountains (C)	76,541	5,015,616	897,096	5,912,712	76,913	5,147,900	907,660	6,055,560	77,426	5,252,432	937,587	6,190,019
Bogan (S)	3,219	1,188,176	852,664	2,040,840	3,164	1,209,962	888,690	2,098,652	3,162	1,245,892	919,423	2,165,315
Bombala	2,755	667,948	420,436	1,088,384	2,691	675,338	437,664	1,113,002	2,613	693,826	446,698	1,140,524
Boorowa	2,418	505,228	458,716	963,944	2,408	512,653	478,303	990,956	2,440	518,449	411,632	930,081
Botany Bay (C)	36,073	810,396	175,900	986,296	36,730	787,300	183,701	971,001	37,398	779,091	191,025	970,116
Bourke (S)	3,671	1,728,228	1,106,072	2,834,300	3,670	1,755,386	1,154,999	2,910,385	3,947	1,821,742	1,203,560	3,025,302
Brewarrina (S)	2,184	1,131,240	750,728	1,881,968	2,197	1,149,148	783,151	1,932,299	2,175	1,178,808	810,272	1,989,080
Broken Hill (C)	20,429	2,486,416	328,128	2,814,544	20,096	2,589,912	337,884	2,927,796	20,908	2,727,734	350,666	3,078,400
Burwood	30,598	465,512	156,172	621,684	30,830	482,950	162,204	645,154	30,731	489,224	166,742	655,966
Byron (S)	29,083	1,420,332	679,320	2,099,652	29,556	1,498,269	712,126	2,210,395	30,018	1,574,392	731,822	2,306,214
Cabonne (S)	11,992	1,545,796	1,211,008	2,756,804	11,978	1,605,784	1,262,442	2,868,226	12,601	1,656,483	1,310,822	2,967,305
Camden	42,542	1,472,744	432,220	1,904,964	44,899	1,550,212	472,628	2,022,840	47,863	1,547,031	500,782	2,047,813
Campbelltown (C)	149,990	6,951,064	982,904	7,933,968	150,343	7,046,070	1,036,371	8,082,441	150,631	7,032,720	1,074,008	8,106,728
Canada Bay (C)	60,926	926,912	328,596	1,255,008	62,130	973,264	343,283	1,316,547	63,631	1,012,976	357,786	1,370,762
Canterbury (C)	139,028	3,341,856	686,716	4,028,572	140,106	3,318,737	714,492	4,033,229	136,802	3,281,946	726,400	4,008,346
Carrathool (S)	3,114	1,660,384	1,351,752	3,012,136	3,106	1,708,409	1,409,898	3,118,307	3,349	1,718,364	1,439,911	3,158,275
Central Darling (S)	2,354	1,664,920	920,344	2,585,264	2,313	1,719,106	959,594	2,678,700	2,424	1,791,215	994,517	2,785,732
Cessnock (C)	46,475	3,145,352	981,132	4,126,484	46,679	3,388,154	1,048,798	4,436,952	47,566	3,598,154	1,086,171	4,684,325
Cobar (S)	5,474	1,755,820	986,228	2,742,048	5,440	1,776,719	1,031,591	2,808,310	5,157	1,823,128	1,063,645	2,886,773
Coffs Harbour (C)	60,463	3,168,796	1,056,424	4,225,220	60,898	3,387,011	1,107,094	4,494,105	62,906	3,612,838	1,152,063	4,764,901
Conargo (S)	1,779	837,632	747,376	1,585,008	1,763	864,253	779,400	1,643,653	1,826	884,210	807,499	1,691,709
Coolah (S)	3,745	994,280	608,656	1,602,936	3,719	1,029,309	635,583	1,664,892	3,945	1,060,997	660,658	1,721,655
Coolamon (S)	3,930	1,188,808	751,224	1,940,032	3,941	1,238,261	783,665	2,021,926	4,121	1,277,122	812,316	2,089,438
Cooma-Monaro (S)	9,200	1,450,216	601,976	2,052,192	9,161	1,480,246	627,052	2,107,298	9,416	1,528,873	648,062	2,176,935
Coonabarabran (S)	6,640	1,455,680	797,972	2,253,652	6,597	1,481,489	831,639	2,313,128	6,833	1,531,633	861,479	2,393,112
Coonamble (S)	4,806	1,292,056	850,304	2,142,360	4,705	1,308,039	885,686	2,193,725	4,801	1,342,582	916,749	2,259,331
Cootamundra (S)	7,389	1,063,032	415,932	1,478,964	7,340	1,089,854	432,940	1,522,794	7,667	1,139,459	449,025	1,588,484
Copmanhurst (S)	4,128	754,764	424,044	1,178,808	4,148	760,401	442,628	1,203,029	4,618	797,220	462,581	1,259,801
Corowa (S)	8,436	1,510,892	776,468	2,287,360	8,337	1,581,275	809,134	2,390,409	8,583	1,647,559	837,596	2,485,155
Cowra (S)	12,593	1,667,360	841,604	2,508,964	12,573	1,709,199	880,299	2,589,498	13,108	1,756,396	913,018	2,669,414
Crookwell (S)	4,252	686,884	569,248	1,256,132	4,311	708,065	594,184	1,302,249	4,353	748,371	614,490	1,362,861
Culcairn (S)	3,999	892,916	499,100	1,392,016	3,987	911,704	520,340	1,432,044	4,062	935,539	538,311	1,473,850
Deniliquin	7,960	1,168,256	168,488	1,336,744	8,049	1,202,426	176,969	1,379,395	8,322	1,257,277	185,151	1,442,428

Local Governing Body	2001-02				2002-03				2003-04			
	Estimated Resident Population as at 30/6/00	Actual Entitlement			Estimated Resident Population as at 30/6/01	Actual Entitlement			Estimated Resident Population as at 30/6/02	Estimated Entitlement		
		General Purpose Component	Local Roads Component	Total		General Purpose Component	Local Roads Component	Total		General Purpose Component	Local Roads Component	Total
Dubbo (C)	37,812	2,843,268	1,022,368	3,865,636	37,998	3,026,286	1,071,479	4,097,765	38,902	3,204,393	1,105,968	4,310,361
Dungog (S)	7,966	968,276	530,632	1,498,908	7,963	953,707	553,055	1,506,762	8,417	969,741	574,138	1,543,879
Eurobodalla (S)	31,971	3,523,524	888,380	4,411,904	32,338	3,722,596	927,361	4,649,957	34,625	3,924,959	975,078	4,900,037
Evans (S)	5,233	661,916	678,556	1,340,472	5,202	688,938	707,246	1,396,184	5,409	730,856	732,849	1,463,705
Fairfield (C)	191,239	7,034,244	1,193,072	8,227,316	192,163	7,295,618	1,125,546	8,421,164	188,889	7,412,320	1,146,289	8,558,609
Forbes (S)	10,084	2,004,124	1,163,128	3,167,252	10,022	2,078,715	1,212,131	3,290,846	10,155	2,157,211	1,253,169	3,410,380
Gilgandra (S)	4,635	1,097,956	767,268	1,865,224	4,539	1,119,982	799,097	1,919,079	4,777	1,140,926	829,289	1,970,215
Glen Innes (M)	5,852	811,216	127,348	938,564	5,782	830,231	132,371	962,602	6,020	865,309	136,828	1,002,137
Gloucester (S)	4,881	741,928	517,184	1,259,112	4,840	742,974	538,459	1,281,433	4,936	751,883	556,686	1,308,569
Gosford (C)	160,167	6,242,164	1,431,404	7,673,568	162,213	6,466,081	1,494,772	7,960,853	162,184	6,320,731	1,542,364	7,863,095
Goulburn (C)	20,621	1,330,576	311,136	1,641,712	20,447	1,414,202	322,409	1,736,611	21,303	1,483,061	334,945	1,818,006
Grafton (C)	16,950	1,283,480	272,448	1,555,928	16,837	1,322,201	282,271	1,604,472	17,341	1,378,981	291,053	1,670,034
Great Lakes	31,173	3,425,132	878,984	4,304,116	31,739	3,642,884	914,573	4,557,457	32,928	3,827,726	953,345	4,781,071
Greater Taree (C)	44,084	2,687,348	1,500,796	4,188,144	44,297	2,850,306	1,549,003	4,399,309	45,141	3,039,265	1,593,911	4,633,176
Griffith (C)	23,789	1,480,932	936,144	2,417,076	24,235	1,476,311	936,917	2,413,228	24,732	1,523,125	969,299	2,492,424
Gundagai (S)	3,725	600,396	468,780	1,069,176	3,696	616,153	489,610	1,105,763	3,797	636,313	506,856	1,143,169
Gunnedah (S)	12,480	1,554,308	922,408	2,476,716	12,371	1,609,213	960,438	2,569,651	12,503	1,672,835	990,859	2,663,694
Gunning (S)	2,264	461,292	362,488	823,780	2,270	489,536	398,848	888,384	2,330	514,755	419,497	934,252
Guyra (S)	4,221	813,768	554,776	1,368,544	4,202	856,136	578,275	1,434,411	4,488	890,343	600,459	1,490,802
Harden (S)	3,742	974,372	562,444	1,536,816	3,691	1,013,876	585,975	1,599,851	3,831	1,053,521	607,102	1,660,623
Hastings	62,865	3,607,372	1,489,496	5,096,868	63,835	3,913,922	1,555,546	5,469,468	67,087	4,186,678	1,627,444	5,814,122
Hawkesbury (C)	62,485	2,617,820	1,065,484	3,683,304	62,953	2,752,670	1,117,999	3,870,669	63,354	2,824,889	1,154,183	3,979,072
Hay (S)	3,621	1,012,484	467,368	1,479,852	3,603	1,039,536	487,216	1,526,752	3,605	1,079,593	503,387	1,582,980
Holbrook (S)	2,528	505,428	301,352	806,780	2,475	518,268	313,580	831,848	2,495	537,828	325,558	863,386
Holroyd (C)	88,549	2,319,880	542,152	2,862,032	90,119	2,346,135	567,454	2,913,589	90,013	2,256,153	584,382	2,840,535
Hornsby (S)	150,029	2,282,508	948,380	3,230,888	151,198	2,368,503	985,372	3,353,875	154,708	2,462,879	1,036,554	3,499,433
Hume (S)	7,315	835,468	473,640	1,309,108	7,388	865,569	494,550	1,360,119	7,877	952,396	538,049	1,490,445
Hunters Hill (M)	13,856	210,800	94,396	305,196	14,029	219,765	98,335	318,100	13,556	215,806	99,800	315,606
Hurstville (C)	72,217	1,098,692	380,324	1,479,016	74,226	1,162,744	398,948	1,561,692	74,703	1,189,237	412,156	1,601,393
Inverell (S)	14,805	2,044,944	1,204,932	3,249,876	14,725	2,149,311	1,256,237	3,405,548	15,827	2,250,018	1,307,310	3,557,328
Jerilderie (S)	1,854	754,112	589,688	1,343,800	1,833	768,374	615,990	1,384,364	1,910	784,227	638,294	1,422,521
Junee (S)	5,891	1,099,376	521,948	1,621,324	5,839	1,123,684	544,275	1,667,959	5,920	1,170,885	562,439	1,733,324
Kempsey (S)	27,029	2,369,500	1,050,324	3,419,824	27,227	2,495,713	1,095,952	3,591,665	27,620	2,642,392	1,128,261	3,770,653
Kiama (M)	19,488	911,888	256,780	1,168,668	19,635	939,770	268,061	1,207,831	20,139	910,446	278,091	1,188,537
Kogarah (M)	52,826	803,684	291,824	1,095,508	54,254	849,887	305,856	1,155,743	53,250	847,716	312,118	1,159,834
Ku-Ring-Gai	108,127	1,645,020	689,856	2,334,876	109,255	1,711,469	725,550	2,437,019	108,314	1,724,308	744,626	2,468,934
Kyogle	9,671	1,394,448	925,312	2,319,760	9,596	1,421,958	1,016,412	2,438,370	9,779	1,471,166	1,055,192	2,526,358
Lachlan (S)	7,139	2,666,292	1,907,433	4,573,725	7,055	2,730,134	1,988,248	4,718,382	7,542	2,813,858	2,062,377	4,876,235
Lake Macquarie (C)	184,346	9,149,368	1,650,648	10,800,016	186,020	9,669,219	1,718,317	11,387,536	188,717	10,091,211	1,783,124	11,874,335
Lane Cove (M)	31,775	483,416	174,068	657,484	32,024	501,656	180,761	682,417	32,141	511,670	186,486	698,156
Leeton (S)	11,755	1,409,268	587,964	1,997,232	11,991	1,470,644	622,939	2,093,583	11,989	1,535,029	641,198	2,176,227
Leichhardt (M)	62,609	1,381,224	328,800	1,710,024	63,278	1,437,809	337,519	1,775,328	51,927	1,129,001	282,001	1,411,002
Lismore (C)	43,004	3,139,408	1,168,960	4,308,368	42,849	3,258,384	1,217,248	4,475,632	43,070	3,343,726	1,244,814	4,588,540
Lithgow (C)	19,804	1,985,180	588,992	2,574,172	19,903	2,079,224	614,793	2,694,017	20,381	2,196,017	634,036	2,830,053
Liverpool (C)	149,257	5,083,268	1,097,176	6,180,444	155,059	5,223,914	1,163,008	6,386,922	163,464	5,380,125	1,231,258	6,611,383
Lockhart (S)	3,405	1,264,640	926,488	2,191,128	3,351	1,323,392	967,294	2,290,686	3,555	1,364,504	1,002,906	2,367,410
Lord Howe Island (Bd)	353	114,048	0	114,048	353	118,476	0	118,476	362	123,228	0	123,228
Maclean (S)	16,475	1,879,976	503,400	2,383,376	16,991	1,938,450	529,462	2,467,912	17,365	2,027,550	546,888	2,574,438
Maitland (C)	54,535	2,981,092	674,892	3,655,984	55,294	3,245,594	710,343	3,955,937	57,782	3,451,926	741,429	4,193,355
Manilla (S)	3,256	588,756	387,416	976,172	3,210	598,554	403,382	1,001,936	3,300	613,451	417,520	1,030,971

Local Governing Body	2001-02				2002-03				2003-04			
	Estimated Resident Population as at 30/6/00	Actual Entitlement			Estimated Resident Population as at 30/6/01	Actual Entitlement			Estimated Resident Population as at 30/6/02	Estimated Entitlement		
		General Purpose Component	Local Roads Component	Total		General Purpose Component	Local Roads Component	Total		General Purpose Component	Local Roads Component	Total
Manly	38,510	585,884	194,852	780,736	39,192	613,943	203,402	817,345	38,827	618,108	208,384	826,492
Marrickville	79,445	3,092,036	382,080	3,474,116	79,387	3,036,602	394,879	3,431,481	76,587	2,957,735	398,543	3,356,278
Merrima (S)	2,216	437,744	334,360	772,104	2,192	444,191	348,444	792,635	2,362	458,453	361,957	820,410
Moree Plains (S)	15,059	2,070,888	1,687,716	3,758,604	15,135	2,087,835	1,767,696	3,855,531	16,242	2,169,181	1,837,112	4,006,293
Mosman (M)	28,412	432,256	151,736	583,992	28,768	450,648	157,939	608,587	27,999	445,732	160,448	606,180
Mudgee (S)	18,171	1,631,600	1,009,592	2,641,192	18,181	1,673,288	1,052,312	2,725,600	18,464	1,727,833	1,088,253	2,816,086
Mulwara (S)	6,383	904,900	826,892	1,731,792	6,438	951,297	862,691	1,813,988	7,090	1,015,384	899,840	1,915,224
Murray (S)	5,908	1,019,428	811,520	1,830,948	6,013	1,059,277	858,847	1,918,124	6,328	1,136,793	892,735	2,029,528
Murrumbidgee (S)	2,679	615,316	356,456	971,772	2,700	629,965	371,977	1,001,942	2,664	641,603	385,150	1,026,753
Murrumbidgee (S)	2,144	352,364	331,524	683,888	2,106	360,640	345,198	705,838	2,178	379,298	357,480	736,778
Muswellbrook (S)	15,130	1,439,856	527,660	1,967,516	15,188	1,476,824	550,251	2,027,075	15,352	1,529,620	565,032	2,094,652
Nambucca (S)	17,434	1,599,568	709,216	2,308,784	17,372	1,669,538	740,134	2,409,672	18,233	1,751,426	771,017	2,522,443
Narrabri (S)	13,778	2,243,156	1,350,384	3,593,540	13,668	2,285,943	1,406,885	3,692,828	14,477	2,347,110	1,460,760	3,807,870
Narrandera (S)	6,762	1,536,636	904,192	2,440,828	6,644	1,588,895	941,664	2,530,559	6,712	1,640,796	973,093	2,613,889
Narrromine (S)	6,504	1,559,004	814,796	2,373,800	6,499	1,595,432	851,416	2,446,848	7,101	1,644,986	885,977	2,530,963
Newcastle (C)	140,955	8,606,860	1,097,984	9,704,844	142,046	9,095,250	1,145,207	10,240,457	143,238	9,396,442	1,186,918	10,583,360
North Sydney	58,849	895,316	285,024	1,180,340	59,298	928,897	295,948	1,224,845	59,282	943,742	304,629	1,248,371
Nundle (S)	1,359	255,468	196,976	452,444	1,342	257,000	205,157	462,157	1,331	262,088	212,383	474,471
Oberon	4,630	748,480	467,376	1,215,856	4,739	796,834	492,574	1,289,408	5,077	843,068	511,463	1,354,531
Orange (C)	36,137	1,967,512	598,452	2,565,964	36,438	2,083,708	628,253	2,711,961	37,292	2,207,014	647,145	2,854,159
Parkes (S)	15,025	2,090,156	1,154,488	3,244,644	15,002	2,180,947	1,203,479	3,384,426	15,100	2,263,038	1,241,941	3,504,979
Parramatta (C)	146,405	3,573,556	907,940	4,481,496	148,440	3,620,208	948,593	4,568,801	148,225	3,698,401	977,015	4,675,416
Parry (S)	11,837	1,221,984	1,025,724	2,247,708	11,770	1,252,876	1,065,290	2,318,166	12,864	1,273,672	1,110,976	2,384,648
Penrith (C)	174,745	6,897,728	1,341,696	8,239,424	176,081	7,208,490	1,403,600	8,612,090	178,361	7,311,378	1,457,075	8,768,453
Pittwater	56,077	853,144	378,932	1,232,076	56,476	884,692	392,566	1,277,258	56,790	904,071	405,501	1,309,572
Port Stephens	56,979	3,049,444	662,708	3,712,152	57,804	3,242,562	703,459	3,946,021	60,155	3,331,173	728,210	4,059,383
Pristine Waters	10642	1735084	816516	2551600	10631	1742829	849850	2592679	11073	1745007	881201	2626208
Queanbeyan (C)	30,205	1,485,060	398,924	1,883,984	31,353	1,584,800	429,389	2,014,189	33,334	1,682,805	454,085	2,136,890
Quirindi (S)	4,752	834,624	512,512	1,347,136	4,753	861,666	534,414	1,396,080	4,998	896,777	554,379	1,451,156
Randwick (C)	126,705	1,927,660	582,636	2,510,296	127,437	1,996,292	604,366	2,600,658	125,743	2,001,770	617,286	2,619,056
Richmond Valley	20468	2345320	863292	3208612	20328	2423056	889742	3312798	21049	2426084	921095	3347179
Rockdale (C)	91,742	1,528,504	489,020	2,017,524	92,551	1,542,279	508,475	2,050,754	92,988	1,480,326	524,907	2,005,233
Ryde (C)	97,818	1,488,184	557,996	2,046,180	98,447	1,542,166	579,773	2,121,939	99,399	1,582,386	599,939	2,182,325
Rylstone (S)	3,674	717,176	395,852	1,113,028	3,633	729,490	412,243	1,141,733	3,882	795,687	439,644	1,235,331
Scone (S)	9,584	1,018,424	629,528	1,647,952	9,428	1,036,023	654,389	1,690,412	9,919	1,069,931	681,291	1,751,222
Severn (S)	2,879	655,068	674,692	1,329,760	2,854	681,896	703,113	1,385,009	2,868	707,533	727,268	1,434,801
Shellharbour (C)	57,884	2,431,252	433,036	2,864,288	58,755	2,622,872	457,537	3,080,409	60,696	2,776,935	495,358	3,272,293
Shoalhaven (C)	83,591	6,320,428	1,765,468	8,085,896	84,719	6,683,621	1,847,830	8,531,451	89,401	7,011,026	1,946,044	8,957,070
Silverton (VC)	58	19,640	0	19,640	58	20,354	0	20,354	57	20,660	0	20,660
Singleton (S)	20,479	1,290,192	675,932	1,966,124	20,673	1,361,778	705,869	2,067,647	21,480	1,438,775	740,108	2,178,883
Snowy River (S)	6,448	1,188,736	504,872	1,693,608	6,562	1,228,311	527,514	1,755,825	7,338	1,293,132	546,575	1,839,707
South Sydney (C)	87,116	2,313,196	417,968	2,731,164	88,530	2,290,379	436,354	2,726,733	58,698	1,564,271	320,840	1,885,111
Strathfield (M)	28,674	436,240	164,832	601,072	29,047	455,020	172,045	627,065	29,480	469,309	178,499	647,808
Sutherland Shire (S)	213,131	3,242,532	1,266,396	4,508,928	214,601	3,361,703	1,318,911	4,680,614	215,028	3,423,145	1,359,824	4,782,969
Sydney (C)	24,907	378,928	131,392	510,320	26,912	421,575	141,953	563,528	74,782	1,190,496	360,209	1,550,705
Tallaganda (S)	2,629	588,212	397,960	986,172	2,626	596,721	414,898	1,011,619	2,803	629,978	430,637	1,060,615
Tamworth (C)	35,684	2,134,528	575,552	2,710,080	35,570	2,281,852	597,615	2,879,467	36,952	2,423,383	614,775	3,038,158
Temora (S)	5,913	1,126,804	715,980	1,842,784	5,886	1,139,623	746,315	1,885,938	6,340	1,182,504	775,703	1,958,207
Tenterfield (S)	6,499	1,367,148	932,900	2,300,048	6,519	1,426,458	982,850	2,409,308	6,873	1,524,809	1,059,838	2,584,647
Tibooburra (VC)	124	41,992	0	41,992	124	43,516	0	43,516	128	46,394	0	46,394
Tumbarumba (S)	3,566	721,884	341,568	1,063,452	3,510	741,883	355,429	1,097,312	3,709	780,981	368,934	1,149,915

Local Governing Body	2001-02				2002-03				2003-04			
	Estimated Resident Population as at 30/6/00	Actual Entitlement			Estimated Resident Population as at 30/6/01	Actual Entitlement			Estimated Resident Population as at 30/6/02	Estimated Entitlement		
		General Purpose Component	Local Roads Component	Total		General Purpose Component	Local Roads Component	Total		General Purpose Component	Local Roads Component	Total
Tumut (S)	11,059	1,381,944	466,380	1,848,324	11,116	1,423,494	487,039	1,910,533	11,463	1,477,989	503,756	1,981,745
Tweed (S)	71,867	4,377,840	1,463,304	5,841,144	72,942	4,660,630	1,544,974	6,205,604	76,229	5,006,661	1,606,529	6,613,190
Uralla (S)	5,650	843,460	552,736	1,396,196	5,620	868,645	575,929	1,444,574	6,082	891,118	599,312	1,490,430
Urana (S)	1,510	736,964	520,040	1,257,004	1,492	763,493	542,226	1,305,719	1,428	781,272	560,502	1,341,774
Wagga Wagga (C)	55,705	3,565,224	1,827,252	5,392,476	55,362	3,832,477	1,899,664	5,732,141	57,131	4,092,664	1,965,109	6,057,773
Wakool (S)	4,725	1,196,824	853,956	2,050,780	4,718	1,220,903	890,253	2,111,156	4,896	1,279,502	922,177	2,201,679
Walcha	3,201	518,896	511,876	1,030,772	3,194	554,304	533,607	1,087,911	3,298	593,539	552,583	1,146,122
Walgett (S)	8,211	1,910,832	1,227,144	3,137,976	8,012	1,958,535	1,277,524	3,236,059	8,289	2,032,007	1,332,526	3,364,533
Warren (S)	3,311	839,896	599,744	1,439,640	3,273	834,971	625,012	1,459,983	3,310	845,069	646,589	1,491,658
Warringham	134,744	2,049,968	794,208	2,844,176	135,789	2,127,124	825,550	2,952,674	137,003	2,181,024	856,743	3,037,767
Waverley	64,839	1,461,760	271,936	1,733,696	64,924	1,414,426	281,211	1,695,637	63,131	1,380,870	287,125	1,667,995
Weddin (S)	3,596	942,828	586,452	1,529,280	3,566	966,157	611,307	1,577,464	3,849	994,871	634,956	1,629,827
Wellington	8,512	1,537,956	806,332	2,344,288	8,448	1,562,444	840,054	2,402,498	8,761	1,597,133	869,686	2,466,819
Wentworth (S)	7,045	2,009,520	1,172,636	3,182,156	7,035	2,031,971	1,222,871	3,254,842	7,218	2,080,246	1,266,131	3,346,377
Willoughby (C)	61,608	937,292	353,360	1,290,652	63,620	996,602	371,539	1,368,141	62,928	1,001,785	380,730	1,382,515
Wingecarribee (S)	41,305	2,316,228	1,002,016	3,318,244	41,889	2,466,050	1,054,309	3,520,359	43,517	2,533,656	1,094,011	3,627,667
Wollondilly (S)	36,286	1,621,552	788,724	2,410,276	36,700	1,642,871	828,578	2,471,449	38,981	1,707,124	850,472	2,557,596
Wollongong (C)	187,003	9,683,100	1,353,484	11,036,584	188,276	10,320,834	1,416,348	11,737,182	191,254	10,761,474	1,462,498	12,223,972
Woollahra (M)	54,773	833,304	266,968	1,100,272	55,072	862,701	276,869	1,139,570	52,909	842,287	276,980	1,119,267
Wyong (S)	132,417	6,200,336	1,281,348	7,481,684	135,379	6,627,207	1,358,104	7,985,311	138,215	6,842,972	1,418,934	8,261,906
Yallaroi (S)	3,099	833,744	766,180	1,599,924	3,069	831,662	798,804	1,630,466	3,235	832,871	762,974	1,595,845
Yarrowlumla (S)	9,654	669,732	466,984	1,136,716	9,972	702,458	499,462	1,201,920	10,876	741,159	529,488	1,270,647
Yass (S)	9,486	1,089,736	633,636	1,723,372	9,647	1,098,553	662,225	1,760,778	10,517	1,137,057	692,666	1,829,723
Young (S)	11,400	1,336,348	740,108	2,076,456	11,266	1,385,626	770,069	2,155,695	11,865	1,445,733	799,668	2,245,401
TOTAL	6,462,833	327,747,092	124,342,237	452,089,329	6,531,856	341,069,580	129,751,124	470,820,704	6,639,694	352,335,917	134,512,990	486,848,907

Notes:

ABS Estimated Resident Population (preliminary) data used.
Total excludes Unincorporated Area.

As a result of boundary changes the estimated resident population (ERP) numbers for Leichhardt, South Sydney, Sydney, Waverley & Woollahra council areas have been revised on the basis of information provided to the Grants Commission by the ABS. Therefore, the population figures shown in this table will vary from those published by the ABS.

Schedule of Local Road Lengths

The following schedule shows the local road lengths used in the Commission's calculation of the 2003-04 grants for each council. The information represents local road lengths as at 30 June 2002, as reported to the Commission by councils. Additional local road and bridge length information is available from the Grants Commission's web page at www.dlg.nsw.gov.au/grants.htm.

Local roads are those roads available and used by the general public and that are the full financial responsibility of the council. National and State highways, and regional roads for which the council receives specific purpose funding are not included.

Local governing body	Urban sealed roads km	Non-Urban unsealed local roads km	Non-Urban local roads km	Total local roads km*
Albury (C)	339	12	15	366
Armidale Dumaresq	160	171	596	927
Ashfield (M)	92	0	0	92
Auburn	192	0	0	192
Ballina (S)	208	229	117	554
Balranald (S)	28	53	1,220	1,301
Bankstown (C)	547	0	0	547
Barraba (S)	27	109	525	661
Bathurst (C)	211	44	38	292
Baulkham Hills (S)	512	206	24	743
Bega Valley (S)	233	163	751	1,147
Bellingen (S)	79	204	194	477
Berrigan (S)	106	504	712	1,323
Bingara (S)	29	130	363	521
Blacktown (C)	975	94	16	1,084
Bland (S)	90	417	2,408	2,915
Blayney (S)	69	222	394	685
Blue Mountains (C)	554	84	74	712
Bogan (S)	56	134	1,220	1,410
Bombala	30	91	507	628
Boorowa	27	136	450	613
Botany Bay (C)	89	0	0	89
Bourke (S)	37	11	1,842	1,891
Brewarrina (S)	21	15	1,228	1,264
Broken Hill (C)	189	13	10	211
Burwood	82	0	0	82
Byron (S)	142	260	96	499
Cabonne (S)	96	390	1,333	1,819
Camden	182	133	3	318
Campbelltown (C)	512	71	1	585
Canada Bay (C)	185	0	0	185
Canterbury (C)	313	0	0	313
Carrathool (S)	37	245	2,014	2,296
Central Darling (S)	39	21	1,542	1,602

Local governing body	Urban sealed roads km	Non-Urban unsealed local roads km	Non-Urban local roads km	Total local roads km*
Cessnock (C)	332	203	332	867
Cobar (S)	51	71	1,545	1,667
Coffs Harbour (C)	284	233	118	635
Conargo (S)	5	510	769	1,284
Coolah (S)	50	259	662	970
Coolamon (S)	74	247	954	1,275
Cooma-Monaro (S)	86	82	672	840
Coonabarabran (S)	64	180	1,015	1,259
Coonamble (S)	67	155	1,164	1,386
Cootamundra (S)	82	212	248	542
Copmanhurst (S)	14	214	279	507
Corowa (S)	90	361	754	1,205
Cowra (S)	131	324	753	1,208
Crookwell (S)	44	170	666	880
Culcairn (S)	59	236	505	800
Deniliquin	89	28	40	157
Dubbo (C)	236	443	416	1,096
Dungog (S)	46	290	274	610
Eurobodalla (S)	281	163	440	884
Evans (S)	30	345	623	998
Fairfield (C)	559	40	2	600
Forbes (S)	136	517	1,147	1,800
Gilgandra (S)	36	220	975	1,231
Glen Innes (M)	61	29	15	105
Gloucester (S)	28	120	475	623
Gosford (C)	870	95	75	1,040
Goulburn (C)	152	16	1	168
Grafton (C)	110	37	17	164
Great Lakes	254	219	401	874
Greater Taree (C)	207	353	950	1,510
Griffith (C)	146	277	737	1,160
Gundagai (S)	35	228	410	673
Gunnedah (S)	116	232	999	1,346
Gunning (S)	29	218	344	590
Guyra (S)	53	263	549	864
Harden (S)	67	413	418	899
Hastings	358	361	441	1,160
Hawkesbury (C)	207	413	264	884
Hay (S)	45	130	590	765
Holbrook (S)	38	171	224	433
Holroyd (C)	313	0	0	313
Hornsby (S)	472	97	44	612
Hume (S)	149	176	396	720
Hunters Hill (M)	61	0	0	61
Hurstville (C)	210	0	0	210
Inverell (S)	155	306	1,325	1,786
Jerilderie (S)	24	279	695	998
Junee (S)	65	424	329	818
Kempsey (S)	160	283	577	1,021
Kiama (M)	89	83	19	191
Kogarah (M)	169	0	0	169
Ku-ring-gai	445	0	0	445
Kyogle	50	200	840	1,090

SCHEDULE OF GRANT ENTITLEMENTS

Local governing body	Urban sealed roads km	Non-Urban unsealed local roads km	Non-Urban local roads km	Total local roads km*
Lachlan (S)	119	348	2,778	3,245
Lake Macquarie (C)	979	157	75	1,212
Lane Cove (M)	100	0	0	100
Leeton (S)	99	265	487	851
Leichhardt (M)	136	0	0	136
Lismore (C)	186	461	425	1,072
Lithgow (C)	207	155	288	650
Liverpool (C)	527	196	10	733
Lockhart (S)	94	343	1,046	1,483
Macleay (S)	158	206	159	523
Maitland (C)	308	192	45	545
Manilla (S)	38	81	440	558
Manly	103	0	0	103
Marrickville	190	0	0	190
Merriwa (S)	18	90	440	548
Moree Plains (S)	165	431	2,042	2,638
Mosman (M)	85	0	0	85
Mudgee (S)	93	296	962	1,351
Mulwaree (S)	25	360	850	1,235
Murray (S)	64	185	1,013	1,262
Murrumbidgee (S)	27	180	383	590
Murrurundi (S)	26	111	338	475
Muswellbrook (S)	77	379	114	570
Nambucca (S)	94	194	351	639
Narrabri (S)	134	238	1,733	2,105
Narrandera (S)	81	263	1,116	1,460
Narromine (S)	58	517	759	1,334
Newcastle (C)	708	19	1	727
North Sydney	143	0	0	143
Nundle (S)	13	49	221	283
Oberon	32	264	445	741
Orange (C)	186	138	57	380
Parkes (S)	148	348	1,276	1,773
Parramatta (C)	488	0	0	488
Parry (S)	59	357	958	1,374
Penrith (C)	704	218	15	938
Pittwater	227	0	0	227
Port Stephens	282	211	65	558
Pristine Waters	58	351	616	1,025
Queanbeyan (C)	154	0	5	159
Quirindi (S)	71	140	586	797
Randwick (C)	271	0	0	271
Richmond Valley	126	290	523	939
Rockdale (C)	262	0	0	262
Ryde (C)	313	0	0	313
Rylstone (S)	60	140	395	595
Scone (S)	66	162	586	814
Severn (S)	30	205	744	979
Shellharbour (C)	265	28	11	304
Shoalhaven (C)	653	379	427	1,459
Singleton (S)	109	459	137	705
Snowy River (S)	55	237	430	723
South Sydney (C)	156	0	0	156

Local governing body	Urban sealed roads km	Non-Urban unsealed local roads km	Non-Urban local roads km	Total local roads km*
Strathfield (M)	86	0	0	86
Sutherland Shire (S)	753	14	0	767
Sydney (C)	138	0	0	138
Tallaganda (S)	20	102	480	602
Tamworth (C)	237	59	30	327
Temora (S)	72	254	809	1,134
Tenterfield (S)	83	240	1,161	1,483
Tumbarumba (S)	38	142	291	471
Tumut (S)	95	189	272	556
Tweed (S)	402	385	245	1,032
Uralla (S)	42	245	531	817
Urana (S)	50	194	637	881
Wagga Wagga (C)	453	472	1,061	1,985
Wakool (S)	36	304	933	1,273
Walcha	26	111	628	766
Walgett (S)	64	42	1,844	1,950
Warren (S)	28	287	641	956
Warringham	432	33	2	467
Waverley	113	0	0	113
Weddin (S)	33	388	547	968
Wellington	94	254	894	1,242
Wentworth (S)	44	197	1,699	1,940
Willoughby (C)	202	0	0	202
Wingecarribee (S)	339	338	299	977
Wollondilly (S)	125	444	105	673
Wollongong (C)	794	73	8	875
Woollahra (M)	133	0	0	133
Wyong (S)	625	237	108	970
Yallaroi (S)	30	67	1,076	1,174
Yarrowlunla (S)	24	254	327	605
Yass (S)	57	270	574	901
Young (S)	108	223	726	1,057
Total	30,073	30,547	82,463	143,084

* Apparent discrepancies due to rounding off.

Appendices

Appendix 1. Member profiles

Emeritus Professor Maurice Daly, BA (Hons), PhD, MIMC – Chairperson

Director, Daly Research Systems Pty Ltd and Emeritus Professor, Sydney University. Professor Daly was formerly engaged in research in Universities in Malaysia, Los Angeles, India, London and Nigeria as well as teaching and research at Sydney and Macquarie Universities from 1967 to 1994. Professor Daly is now actively involved in research and writing on economic planning and development issues in Australia and the Asian Pacific region.

Mr Grahame Gibbs, B.Bus, FCPA – Deputy Chairperson

Mr Gibbs is the Departmental representative on the Commission and as such he assumes the role of Deputy Chair. Grahame has been with the Department of Local Government since 1994, where he is the Director Performance Management and Compliance.

Councillor Warren Mundine – Member

Councillor Mundine is the Deputy Mayor of Dubbo City Council, being first elected to Council in 1995. Councillor Mundine was recently appointed as the Chief Executive Officer of the NSW Native Title Services Limited. In addition to being actively involved in many community groups Councillor Mundine is currently the chair of the ALP NSW Indigenous People and Reconciliation Committee, President of the NSW Local Government Aboriginal Network and deputy chair of the National Indigenous Local Government Advisory Committee to the Australian Local Government Association.

Councillor Heather Wilton – Member

Councillor Wilton is currently Mayor on Holbrook Shire Council, being first elected to Holbrook Shire Council in 1999, is a delegate to the Riverina Eastern Regional Organisation of Councils. Councillor Wilton was a former councillor at Berrigan Shire as well as being a former member of the Murray Regional Development Board and the Murray Catchment Management Committee.

Appendix 2. Councils visited during 2002–03

Council	Date Visited
Bourke Shire	5 September 2002
Brewarrina Shire	5 September 2002
Bogan Shire	6 September 2002
Lachlan Shire	6 September 2002
Bellingen Shire	7 November 2002
Nambucca Shire	7 November 2002
Coffs Harbour City	8 November 2002
Great Lakes	6 February 2003
Greater Taree City	6 February 2003
Dungog Shire	7 February 2003
Gloucester Shire	7 February 2003
Cootamundra Shire	6 March 2003
Temora Shire	6 March 2003
Bland Shire	7 March 2003
Forbes Shire	7 March 2003
Crookwell Shire	1 May 2003
Goulburn City	2 May 2003
Mulwaree Shire	2 May 2003
Fairfield City	12 June 2003
Liverpool City	12 June 2003
Blacktown City	13 June 2003
Campbelltown City	13 June 2003
Total Visits	22

Appendix 3. Standards used in calculation of expenditure allowances—2003–04

State average net expenditure, excluding extreme values, is based on councils' 2001–02 Financial Reports, Special Schedule 1.

1.	Administration administration: corporate support; other support services; governance: governance	\$104.80
2.	Aerodromes transport & communication: aerodromes	\$2.35
3.	Aged Persons' Services community services & education: aged & disabled	\$1.60
4.	Animal Control public order & safety: animal control	\$1.41
5.	Cemeteries housing & community amenities: public cemeteries	\$0.40
6.	Children's Services health: immunisation community services & education: family day care; child care; other families & children	\$1.96
7.	Community Services community services & education: administration; education; migrant services; aboriginal services; other community amenities.	\$8.05
8.	Cultural Facilities recreation & culture: museums; art galleries; public halls; other cultural services	\$8.98
9.	Fire Control and Emergency Services public order & safety: fire protection; emergency services; statutory contributions to fire service levy	\$12.15
10.	Health and Safety health: administration & inspection; food control; insect/vermin control; health centres; other health services housing & community amenities: public conveniences public order & safety: enforcement of local government regulations; other	\$9.90
11.	Libraries recreation & culture: public libraries	\$21.71

12.	Noxious Plants and Pest Control (per non-urban property) health: noxious plants	\$64.98
13.	Planning and Building Services housing & community amenities: town planning mining, manufacturing & construction: building control	\$14.71
14.	Recreation public order & safety: beach control recreation & culture: community centres; swimming pools; sporting grounds; parks & gardens; other sport & recreation community services & education: youth services	\$57.87
15.	Stormwater Drainage and Flood Control (per urban property) housing & community amenities: environmental protection; urban stormwater drainage	\$39.91
16.	Street and Gutter Cleaning (per urban property) housing & community amenities: street cleaning	\$29.19
17.	Street Lighting (per urban property) transport & communication: street lighting	\$21.12
18.	Maintenance – Urban Local Roads (a) cost per length (km) of local roads in the urban/built up areas for which the council is financially responsible.	\$10,736.64
	(b) urban length (m) per urban properties.	11.92m
	(c) cost of maintenance of bridges and culverts per network km of roads.	\$59.87
19.	Maintenance – Sealed Rural Local Roads (a) cost per length (km) of sealed local roads in the rural/non- built up areas for which the council is financially responsible.	\$3,658.69
	(b) sealed rural length (m) per non-urban properties.	246.23m
	(c) cost of maintenance of bridges and culverts per network km of roads.	\$185.85
20.	Maintenance – Unsealed Rural Local Roads (a) cost per length (km) of unsealed local roads in the rural/non- built up areas for which the council is financially responsible.	\$1,493.81
	(b) urban length (m) per non-urban properties.	664.72m
	(c) cost of maintenance of bridges and culverts per network km of roads.	\$62.05

Notes:

Unless otherwise shown, costs are per capita.

Appendix 4. Summary of formulae used in the calculation of expenditure and revenue allowances

Expenditure allowances

General

Allowances for the majority of functions are calculated on the following general formula:

$$A_c = N_c \times E_s \times D_c$$

where:

A_c = allowance for the council for the expenditure function.

N_c = number of units to be serviced by council.

E_s = standard expenditure per unit for the function.

D_c = disability for the council for function in percentage terms.

The appropriate units of use for each function are shown in Appendix 3.

Road length allowances

In addition to the disability allowances, length allowances are calculated for each road type based on the following formula:

$$A_c = N_c \times E_s \times \left(\frac{L_c}{N_c} - \frac{L_s}{N_s} \right)$$

where:

A_c = allowance for road length allowance.

N_c = number of relevant properties for the council.

E_s = standard cost per kilometre.

$\frac{L_c}{N_c}$ = council's relevant length of road per relevant property.

$\frac{L_s}{N_s}$ = standard relevant length of road per relevant property.

Isolation allowances

Weighted Isolation allowances are calculated for all non-metropolitan councils based on the following formula:

$$A_c = P_c \times \{(D_{sc} \times K_1) + (D_{nc} \times K_2) + I_c\}$$

where:

A_c = the isolation allowance for each council.

P_c = the adjusted population for each council.

D_{sc} = the distance from each council's administrative centre to Sydney.

D_{nc} = the distance from each council's administrative centre to the nearest major urban centre.

I_c = the additional per capita allowance due to industrial award obligations (if applicable).

K_1 and K_2 are constants derived from regression analysis.

Specific purpose payments

Allowances for functions are discounted where appropriate to recognise the contribution of specific purpose grants. The discount factor which generally applies is:

$$1 - \frac{G_c}{(N_c \times E_s) + A_c}$$

where:

G_c = the specific purpose grant received by the council for the expenditure function.

N_c = number of units to be serviced by council.

E_s = standard expenditure per unit for the function.

A_c = allowance for the council for the expenditure function.

Revenue allowances

General

The general formula for the calculation of revenue allowances is:

$$A_C = N_C \times t_S \times (T_S - T_C)$$

where

A_C = revenue allowance for the council.

N_C = number of properties (assessments).

t_S = standard tax rate (rate-in-the-dollar).

T_S = standard value per property.

T_C = council's value per property.

The standard value per property (T_S) is calculated as follows:

$$T_S = \frac{\text{Sum of rateable values for all councils}}{\text{Sum of number of properties for all councils}}$$

The standard tax rate (t_S) is calculated as follows:

$$t_S = \frac{\text{Sum of general purpose revenue for all councils}}{\text{Sum of rateable values for all councils}}$$

General purpose revenue includes net rates levied, ex gratia payments, garbage charges and pensioner subsidies.

Separate calculations are made for urban (residential and business) and non-urban (farmland and mining) properties.

Pensioner rebates allowances

The general formula for the allowance to recognise the differential impact of compulsory pensioner rates rebates is:

$$A_C = R_C \times N_C \times (P_C - P_S)$$

where

A_C = the allowance for the council

R_C = the standardised rebate per property for the council

N_C = the number of residential properties

P_C = the proportion of eligible pensioner assessments for the council

P_S = the proportion of eligible pensioner assessments for all councils

The standardised rebate for the council (R_C) is:

$$R_C = 0.25 \times T_C \times t_S$$

where

T_C = the average value per residential property in the council.

t_S = the standard tax rate (rate-in-the-dollar) for residential properties.

T_C and t_S are calculated as in the revenue allowances except only residential properties are used. The maximum value for R_C is set at \$125.

Appendix 5. Details of calculation of expenditure disability factors

The accompanying notes provide details of the disabilities considered for each function under a series of headings. These are:

- Disability: specifies the variable.
- Recognises: explains the reason for including the disability and its relationship to the standardised council expenditure.
- Measure: explains the basis on which the disability is assessed.
- Source: the source of the data used in the measure.
- Standard: the value with which individual council values are compared. It is usually the average value for the State.
- Weighting: relates the variation in the disability to the estimated additional cost to that disability. The weightings have generally been determined by establishing a factor for the maximum disability based on a sample of councils or through discussion with appropriate organisations.

Administration

Aboriginal or Torres Strait Islander

- Recognises: additional costs for councils with a significant aboriginal population.
- Measure: proportion of the population Aboriginal or Torres Strait Islander.
- Source: Australian Bureau of Statistics (ABS), 1996 Census (Usual Residents Profile), cat. no. 2722.1.
- Standard: 1.69%
- Weighting: 0.005

Economies of Scale

- Recognises: higher per capita costs of administration for councils with small populations.
- Measure: a population based scale of 100 to 200 is used with councils whose population is greater than 20,000 receiving nil disability and those whose population is less than 5,000 receiving the maximum disability.
- Source: ABS, Regional Population Growth, Australia and New Zealand, 2001-02, cat. no. 3218.0.
- Standard: 100
- Weighting: 0.5

Non-English Speaking Background

Recognises: additional costs of information provision.

Measure: proportion of population born in non-English speaking countries.

Source: ABS, 1996 Census (Usual Residents Profile), cat. no. 2722.1.

Standard: 15.43%

Weighting: 0.05

Population Distribution

Recognises: costs of staff travel and duplication of services.

Measure: the larger of:

(a) the sum of the population of centres greater than 200 multiplied by their distance from council headquarters(km) divided by the overall council population;

or

(b) according to population:

between 50,000 and 100,000 3.63

between 100,000 and 150,000 4.84

greater than 150,000 7.26

Source: ABS, 2001 Census, Census Counts for Small Areas, cat. no. 2016.1 (place of enumeration)

Standard: 2.42

Weighting: 0.006

Population Growth

Recognises: costs of senior staff involvement in negotiations with State agencies and the like.

Measure: annual average percentage change in population over the previous five years.

Source: ABS, Regional Population Growth, Australia and New Zealand, 2001-02, cat. no. 3218.0.

Standard: 1.16%

Weighting: 0.011

Sparsity

Recognises: additional costs due to large council areas.

Measure: area (sq km) per capita.

Source: ABS Regional Population Growth, Australia and New Zealand, 2001-02, cat. no. 3218.0.

Standard: 0.282

Weighting: 0.0089

Aerodromes

Net Expenditure – Aerodromes

Recognises: above average expenditure, which is generally beyond council control.

Measure: adjusted net expenditure per capita averaged over 5 years.

Source: Special Schedule 1 (1997-98 to 2001-02); ABS Regional Population Growth, Australia and New Zealand, 2001-02, cat. no. 3218.0.

Standard: 2.35

Weighting: 1.0 (maximum DF of 510)

Aged Persons' Services

Aged Persons (60 years and over)

Recognises: additional need for services.

Measure: proportion of the population aged 60 years and over.

Source: ABS, Population by Age and Sex - 30 June 2001, cat. no. 3235.1.

Standard: 17.35%

Weighting: 1.0

Pensioners

Recognises: additional council responsibility for aged services.

Measure: proportion of the population receiving the aged pension, and mature age allowances.

Source: Centrelink, Customers by Postcodes - June 2001, (Recipients of Pensions, Benefits and Family Payments). Postcode data adjusted for council boundaries using ABS concordance.

Standard: 12.28%

Weighting: 1.200

Population Distribution

Recognises: costs of staff travel and duplication of services.

Measure: as for Administration.

Source: ABS, 2001 Census, Census Counts for Small Areas, cat. no. 2016.1.

Standard: 2.42

Weighting: 0.002

Animal Control

Population Distribution

- Recognises: costs of staff travel and duplication of services.
 Measure: as for Administration.
 Source: ABS, 2001 Census, Census Counts for Small Areas, cat. no. 2016.1.
 Standard: 2.42
 Weighting: 0.070

Cemeteries

Population Distribution

- Recognises: costs of staff travel and duplication of services.
 Measure: as for Administration.
 Source: ABS, 2001 Census, Census Counts for Small Areas, cat. no. 2016.1.
 Standard: 2.42
 Weighting: 0.015

Children's Services

One Parent Families

- Recognises: additional need for child care and the like.
 Measure: proportion of families classified as "head and dependents only", "head, dependents, and other related offspring", "head, dependents, other offspring, and other related individuals", and "head, dependents and other related individuals".
 Source: ABS, 1996 Census, Family & Labour Force Characteristics for SLAs, cat. no. 2017.1.
 Standard: 15.08%
 Weighting: 0.815

Population Distribution

- Recognises: costs of staff travel and duplication of services.
 Measure: as for Administration.
 Source: ABS, 2001 Census, Census Counts for Small Areas, cat. no. 2016.1.
 Standard: 2.342
 Weighting: 0.001

Pre-School Children (0-4 years)

- Recognises: additional need for services targeted at this age group which makes up the bulk of local government involvement in children's services.
 Measure: proportion of the population in 0-4 years age group.
 Source: ABS, Population by Age and Sex - 30 June 2001, cat. no. 3235.1.
 Standard: 6.66%
 Weighting: 1.0

Community Services

Aboriginal or Torres Strait Islander

Recognises: additional costs for councils with a significant aboriginal population.

Measure: proportion of the population Aboriginal or Torres Strait Islander.

Source: ABS, 1996 Census (Usual Residents Profile), cat. no. 2722.1.

Standard: 1.69%

Weighting: 0.116

Non-English Speaking Background

Recognises: additional costs of information provision.

Measure: proportion of population born in non-English speaking countries.

Source: ABS, 1996 Census (Usual Residents Profile), cat. no. 2722.1.

Standard: 15.43%

Weighting: 0.175

Occupation

Recognises: additional council responsibility for community services in areas of low socioeconomic status.

Measure: proportion of the employed persons in lower socioeconomic occupational groups.

Source: ABS, 1996 Census (Usual Residents Profile), cat. no. 2722.1.

Standard: 25.42%

Weighting: 0.750

Pension and Benefit Recipients

Recognises: low income persons as a target group for community services.

Measure: proportion of the population receiving social security pensions.

Source: Centrelink, Customers by Postcodes - June 2001, (Recipients of Pensions, Benefits and Family Payments). Postcode data adjusted for council boundaries using ABS concordance.

Standard: 30.51%

Weighting: 0.965

Population Distribution

Recognises: costs of staff travel and duplication of services.

Measure: as for Administration.

Source: ABS, 2001 Census, Census Counts for Small Areas, cat. no. 2016.1.

Standard: 2.42

Weighting: 0.001

Youth (15-24 years)

Recognises: youth as a target group for community services.

Measure: proportion of population in the 15-24 years age group.

Source: ABS, Population by Age and Sex - 30 June 2001, cat. no. 3235.1.

Standard: 13.4%

Weighting: 0.200

Cultural Facilities

Duplication of Halls

Recognises: the additional costs related to the provision of facilities in a number of centres of less than optimum population size.

Measure: number of licensed halls multiplied by the standard net loss per hall divided by the LGA population for non-metropolitan councils.

Source: Grants Commission Return, 2001-02; Special Schedule 1, 2001-02; Regional Population Growth, Australia and New Zealand, 2001-02, cat. no. 3218.0.

Standard: 2.64

Weighting: 0.1 (maximum DF of 25)

Non-resident use – Cultural Facilities

Recognises: additional cost of the provision of higher order facilities in regional centres.

Measure: maximum score of 150 based on Commission assessments.

Source: Grants Commission.

Standard: 100

Weighting: 1.0

Fire Control and Emergency Services

Duplication of SES units

Recognises: cost of duplication of SES units.

Measure: index based on the population of each centre with an SES unit located more than 10 km from the administrative centre multiplied by its distance from the administrative centre divided by the total population of the LGA.

Source: SES Headquarters; ABS, 1996 Census, Census Counts for Small Areas, cat. no. 2730.1.

Standard: 1.0

Weighting: 0.002

Flood Boats

Recognises: requirement for flood rescue in non-urban areas.

Measure: number of SES registered flood boats per thousand of population.

Source: Grants Commission return, 2001-02; Regional Population Growth, Australia and New Zealand, 2001-02, cat. no. 3218.0.

Standard: 0.050

Weighting: 0.026

Flood Prone Buildings

Recognises: flood rescue as the major area of SES expenditure.

Measure: number of buildings subject to mainstream flooding (1 in 100 years) per thousand of population.

Source: Grants Commission return, 2001-02; Regional Population Growth, Australia and New Zealand, 2001-02, cat. no. 3218.0.

Standard: 17.55

Weighting: 0.027

Rural Fire Fighting Contributions

Recognises: contributions to the rural fire fighting fund.

Measure: average contributions to the NSW Rural Fire Service for a five year period, per capita (1997-98 - 2001-02).

Source: NSW Rural Fire Service, 1997-98 - 2001-02.

Standard: 11.18

Weighting: 0.2

Urban Fire Levy

Recognises: payment of this levy is the major local government expenditure item.

Measure: per capita contributions to urban fire levy.

Source: NSW Fire Brigades (2001-02).

Standard: 6.35

Weighting: 1.0

Health and Safety

Food premises

Recognises: additional inspection costs in areas with high proportions of food premises.

Measure: proportion of food premises per thousand of population.

Source: Grants Commission return, 2001-02.

Standard: 5.71

Weighting: 0.751 (maximum DF of 110)

Non-English Speaking background

- Recognises: population of non-English speaking backgrounds as a target group for health services.
- Measure: proportion of population born in non-English speaking countries.
- Source: ABS, 1996 Census (Usual Residents Profile), cat. no. 2722.1.
- Standard: 15.43%
- Weighting: 0.100

Population Distribution

- Recognises: costs of staff travel and duplication of services.
- Measure: as for Administration.
- Source: ABS, 2001 Census, Census Counts for Small Areas, cat. no. 2016.1.
- Standard: 2.42
- Weighting: 0.015

Public Toilets

- Recognises: significant variation in Council expenditure related to non-resident use.
- Measure: score based on expenditure and Commission's assessment of need to provide public toilets.
- Source: Grants Commission return, 2001-02; Special Schedule 1, 2001-02.
- Standard: 100
- Weighting: 0.204

Vandalism and Crime

- Recognises: additional costs associated with repairing damage to public property.
- Measure: the ranking of total incidents to the population of the Local Government Area for the 1999 calendar year.
- Source: NSW Bureau of Crime Statistics and Research.
- Standard: 1.44%
- Weighting: 0.022

Libraries

Aged Persons (60 years and over)

- Recognises: additional cost of providing specialist services and materials.
- Measure: proportion of the population aged 60 years and over.
- Source: ABS, Population by Age and Sex - 30 June 2001, cat. no. 3235.1.
- Standard: 17.356%
- Weighting: 0.260

Non-English Speaking background

Recognises: additional costs of information provision.
Measure: proportion of population born in non-English speaking countries.
Source: ABS, 1996 Census (Usual Residents Profile), cat. no. 2722.1.
Standard: 15.43%
Weighting: 0.125

Non-resident borrowers

Recognises: additional cost of providing services for non-residents.
Measure: percentage of non-resident borrowers plus 100.
Source: State Library of NSW, 2000-01.
Standard: 113.54
Weighting: 1.22

Population Distribution

Recognises: costs of staff travel and duplication of services.
Measure: as for Administration.
Source: ABS, 2001 Census, Census Counts for Small Areas, cat. no. 2016.1.
Standard: 2.42
Weighting: 0.018

Students – Full Time

Recognises: students as a major user group of library services.
Measure: proportion of the population attending an educational institution full time.
Source: ABS 1996 Census (Usual Residents Profile), cat. no. 2722.1.
Standard: 19.52%
Weighting: 0.195

Planning and building services

Development activity

Recognises: that expenditure is related to additional costs of inspection, certification, etc.
Measure: per capita estimate (R) based on a regression of expenditure on planning and building control, number of building approvals for new dwellings per capita (a) and the total value of non-residential building approvals per capita (b).

The formula is: $R = 22.19 + 2830.05a + 0.00057b$.

Source: Special Schedule 1, 2001-02; ABS, Regional Statistics 2002, cat. no. 1304.1.

Standard: 36.11

Weighting: 0.78 (maximum DF of 100)

Environmental sensitivity

Recognises: additional costs of being classified as “environmental sensitive” by the Environmental Protection Authority.

Measure: councils are divided into 5 categories on the basis of environmentally sensitive areas; (extreme 23.2%, very high 17.4%, high 11.6%, above average 5.8%, average and below 0).

Source: Environmental Protection Authority, in consultation with the Grants Commission.

Standard: 1

Weighting: 0.058

Heritage

Recognises: additional costs due to greater complexity in plan preparation and development control.

Measure: councils are divided into 5 categories on the basis of heritage considerations and environmentally sensitive areas, as assessed by the Commission (extreme 11%, very high 8%, high 6%, above average 3%, average and below 0).

Source: Heritage Council, in consultation with the Grants Commission.

Standard: 1

Weighting: 0.028

Non-English Speaking background

Recognises: additional costs of information provision.

Measure: proportion of population born in non-English speaking countries.

Source: ABS, 1996 Census (Usual Residents Profile) cat. no. 2722.1.

Standard: 15.43%

Weighting: 0.050

Non-residential urban properties

Recognises: greater complexity of processing development applications.

Measure: number of urban properties which are classified as "business" per hundred of population.

Source: Dept. of Local Government, 2001-02 Rating Return.

Standard: 2.42

Weighting: 0.2

Population distribution

Recognises: costs of staff travel and duplication of services.

Measure: as for Administration.

Source: ABS, 2001 Census, Census Counts for Small Areas, cat. no. 2016.1.

Standard: 2.42

Weighting: 0.016

Population growth

Recognises: additional cost of forward planning in high growth areas.

Measure: annual average percentage change in population over the previous five years.

Source: ABS, Regional Population Growth, Australia and New Zealand, 2001-02, cat. no. 3218.0.

Standard: 1.16%

Weighting: 0.055

Regional Centres and Secondary CBDs

Recognises: additional costs of forward planning generally related to non-resident use.

Measure: range of disabilities between 0 and 24 recognising extra planning expenditure necessary.

Source: PlanningNSW.

Standard: 100

Weighting: 1.0

Recreation

Age Structure (5–29 years)

Recognises: additional need for facilities due to a high proportion of population in the sport-playing age group.

Measure: proportion of the population in the 5-29 years age group.

Source: ABS, Population by Age and Sex - 30 June 2001, cat. no. 3235.1.

Standard: 34.5%

Weighting: 1.0

Beach Lifesaving

Recognises: cost of additional facilities associated with beaches, principally lifesavers.

Measure: maximum score of 130 based on Commission assessment.

Source: Grants Commission.

Standard: 100

Weighting: 1.0

Climate Measure

- Recognises: additional costs in watering on low rainfall areas and the cost of mowing in high rainfall areas.
- Measure: (a) low rainfall – the difference between the council's annual average rainfall (mm) and NSW highest rainfall (1898 mm); and
(b) high rainfall – councils with rainfall above 1330mm receive 5% disability.
- Source: Bureau of Meteorology, Rainfall Statistics, Australia, 1977 (minimum 30 year observations)
- Standard: a) 898 b) 0
- Weighting: a) 0.277 b) N/A
-

Duplication of playing fields

- Recognises: additional costs related to the provision of facilities in a number of centres of less than optimum population size.
- Measure: index based on the per capita area of playing fields that should be provided taking each urban centre above 200 population in turn, based on Research Study 1, Sydney Region Open Space Survey, NSW Planning and Environment Commission, 1975.
- Source: ABS, 2001 Census, Census Counts for Small Areas, cat. no. 2016.1.
- Standard: 1.115
- Weighting: 0.460
-

Duplication of pools

- Recognises: additional costs related to the provision of facilities in a number of centres of less than optimum population size.
- Measure: number of pool complexes operated by council multiplied by the standard net loss per pool divided by population.
- Source: Grants Commission return, 2001-02; Special Schedule 1, 2001-02; Regional Population Growth, Australia and New Zealand, 2001-02, cat. no. 3218.0.
- Standard: 5.62
- Weighting: 0.06
-

Non-resident use – recreation

- Recognises: costs of additional services required in regional and tourist centres.
- Measure: index generally in range 100-150 determined by the Commission based on a sampling of councils.
- Source: Grants Commission.
- Standard: 100
- Weighting: 1.0

Non-urban measure

Recognises: cost advantages of councils whose residents have the opportunity to use facilities provided in adjacent centres.

Measure: index in a range 50-100 determined by the Commission based on a sampling of councils (negatives are calculated).

Source: Grants Commission.

Standard: 100

Weighting: 1.0

Population distribution

Recognises: cost of staff travel and duplication of services.

Measure: as for Administration.

Source: ABS, 2001 Census, Census Counts for Small Areas, cat. no. 2016.1.

Standard: 2.42

Weighting: 0.003

Tidal/Rock Pools

Recognises: additional maintenance costs associated with tidal rock pools.

Measure: number of rock/tidal pools operated by the councils multiplied by the stand net loss per pool divided by population.

Source: Grants Commission return, 2001-02; ABS, Regional Population Growth, Australia and New Zealand, 2001-02, cat. no. 3218.0.

Standard: 0.78

Weighting: 0.005

Urban Density

Recognises: additional maintenance costs of facilities in densely populated areas.

Measure: population divided by the total area of LGA in square kilometres.

Source: ABS, Regional Population Growth, Australia and New Zealand, 2001-02, cat. no. 3218.0.

Standard: 1,250

Weighting: 0.2 (maximum DF of 20)

Stormwater drainage and flood control

Flood prone urban buildings

Recognises: need for expenditure is proportional to the number of flood prone buildings.

Measure: based on the number of flood prone urban buildings subject to mainstream flooding (1 in 100 years) as a proportion of the total urban properties.

Source: Grants Commission return, 2001-02.

Standard: 1.0

Weighting: 1.81

Levee measure

Recognises: expenses incurred during construction and maintenance of levee banks.

Measure: number of metres of levee banks per urban property.

Source: Grants Commission return, 2001-02.

Standard: 0.2

Weighting: 0.01

Stormwater Drainage Index

Recognises: variation in cost of construction and maintenance related to a number of variables considered to be most significant.

Measure: index provided by consultants after studying rainfall, urban land use and impervious area, ground slope, associated construction costs, soil and geology, and the age of the stormwater system, with a maximum score of 200.

Source: Stormwater drainage return, 1987.

Standard: 1.0

Weighting: 1.33

Street and gutter cleaning

Non-residential urban properties

Recognises: increased amounts of litter collected from commercial areas.

Measure: proportion of urban properties classified as "business". The measure excludes non-metropolitan councils.

Source: Grants Commission return, 2001-02.

Standard: 6.37%

Weighting: 0.75 (maximum DF of 75)

Urban Density

Recognises: additional maintenance costs of facilities in densely populated areas.

Measure: population divided by the total area of LGA in square kilometres.

Source: ABS, Regional Population Growth, Australia and New Zealand, 2001-02, cat. no. 3218.0.

Standard: 1,250

Weighting: 0.2 (maximum DF of 30)

Street lighting

Net expenditure – street lighting

- Recognises: additional expenditure largely beyond the control of individual councils.
- Measure: adjusted net expenditure per urban property averaged over 4 years.
- Source: Grants Commission return, 2001-02; Special Schedule 1, 1998-99 - 2001-02.
- Standard: 100
- Weighting: 1.0

Noxious plants and pest control

Infestation

- Recognises: increased costs in areas of high weed infestation.
- Measure: a disability factor determined by the Commission based on a Noxious Plant Advisory Board index.
- Source: Department of Agriculture
- Standard: Low
- Weighting: N/A

Terrain

- Recognises: additional costs related to access and constraints on using machinery in mountainous areas.
- Measure: disability factors based on the proportion of council areas classified “mountainous” or “hilly”.
- Source: CSIRO, P Laut, D Firth and TA Paine, Provisional environmental regions of Australia; A working document towards a framework for Australian environmental statistics, Volume 1: The Regions, & Volume 2: Attributes of Local Government Areas, 1980.
- Standard: N/A
- Weighting: N/A

Appendix 6. National principles for the allocation of general purpose and local road grants

- A. The National Principles relating to the allocation of general purpose grants payable under Section 9 of the Local Government (Financial Assistance) Act 1995 (the Act) among local governing bodies are as follows:
- 1. Horizontal Equalisation**

General purpose grants will be allocated to local governing bodies, as far as practicable, on a full horizontal equalisation basis as defined by the Act. This is a basis that ensures that each local governing body in the State/Territory is able to function, by reasonable effort, at a standard not lower than the average standard of other local governing bodies in the State. It takes account of differences in the expenditure required by those local governing bodies in the performance of their functions and in the capacity of those local governing bodies to raise revenue.
 - 2. Effort Neutrality**

An effort or policy neutral approach will be used in assessing expenditure requirements and revenue raising capacity of each local governing body. This means as far as practicable, policies of individual local governing bodies in terms of expenditure and revenue effort will not affect the grant determination.
 - 3. Minimum Grant**

The minimum general purpose grant allocation for a local governing body in a year will be not less than the amount to which the local governing body would be entitled if 30% of the total amount of general purpose grants to which the State/Territory is entitled under Section 9 of the Act in respect of the year were allocated among local governing bodies in the State/Territory on a per capita basis.
 - 4. Other Grant Support**

Other relevant grant support provided to local governing bodies to meet any of the expenditure needs assessed should be taken into account using an inclusion approach.

5. Aboriginal Peoples and Torres Strait Islanders

Financial assistance shall be allocated to councils in a way which recognises the needs of Aboriginal peoples and Torres Strait Islanders within their boundaries.

B. The National Principle relating to the allocation of the amounts payable under Section 12 of the Act (the identified road component of the financial assistance grants) among local governing bodies is as follows:

1. Identified Road Component

The identified road component of the financial assistance grants should be allocated to local governing bodies as far as practicable on the basis of the relative needs of each local governing body for roads expenditure and to preserve its road assets. In assessing road needs, relevant considerations include length, type and usage of roads in each local governing area.

Appendix 7. General purpose component distribution principles in accordance with the *Local Government (Financial Assistance) Act, 1995*

These principles, consistent with the National Principles of the Local Government (Financial Assistance) Act 1995, are the result of an extensive program of consultation with local government.

The agreed principles are:-

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 recurrent 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.
8. in the event of council amalgamations, the new council will receive grants for two years as if the councils had remained separate entities and any subsequent change may be phased in at the discretion of the Commission.

Appendix 8. Local roads component distribution principles in accordance with the *Local Government (Financial Assistance) Act, 1995*

These principles, consistent with the National Principles of the Local Government (Financial Assistance) Act 1995, were adopted in consultation with local government. The principles are based on a local road funding formula developed by the Roads and Traffic Authority under the provisions of the former Australian Centennial Roads Development Act, 1988.

The agreed principles are:-

Financial Assistance which is made available as an identified local roads component of Local Government Financial Assistance shall be allocated so as to provide Aboriginal communities equitable treatment in regard to their access and internal local roads needs.

1. Urban [metropolitan] Area

“Urban Area” means an area designated as an “Urban Area”:

- (a) the Sydney Statistical Division.
- (b) the Newcastle Statistical District.
- (c) the Wollongong Statistical District.

2. Rural [non-metropolitan] Area

“Rural Area” means an area not designated as an “Urban Area”

3. Initial Distribution

27.54% to local roads in urban areas.

72.46% to local roads in rural areas.

4. Local Roads Grant in Urban Areas

Funds will be allocated:

- (a) 5% distributed to individual Councils on the basis of bridge length.
- (b) 95% distributed to Councils on the basis of:
 - (i) 60% distributed on length of roads.
 - (ii) 40% distributed on population.

5. Local Roads Grant in Rural Areas

Funds will be allocated:

- (a) 7% distributed to individual Councils on the basis of bridge length.
- (b) 93% distributed to Councils on the basis of:
 - (i) 80% distributed on length of roads.
 - (ii) 20% distributed on population.

6. Population shall be based on the most up to date Estimated Resident Population figures available from the Australian Bureau of Statistics.

Road length shall be based on the most up to date data available to the Local Government Grants Commission of NSW for formed roads, which are Councils' financial responsibility.

Bridge length shall be based on the most up to date data available to the Local Government Grants Commission of NSW for major bridges and culverts six metres and over in length, measured along the centre line of the carriageway, which are Councils' financial responsibility.

The method of application of the statistics shall be agreed to between representatives of the NSW Local Government Grants Commission and the Local Government and Shires Associations of NSW.

Appendix 9. 2002–03 Road and bridge length audit summary report

Background

The Grants Commission first initiated a program of council road and bridge audits during 1992–93.

A former RTA and council engineer has been contracted by the Commission to undertake the audits. The auditor was selected on the recommendation of the NSW Institute of Municipal Engineers.

Seventy-five audits have taken place since 1992–93, four during 2002–03.

The audit program is likely to continue in 2003–04.

The Project

The project task was to evaluate the quality of road and bridge length data for selected councils.

Summary of 2002-03 Audit Results

Four councils were audited during 2002–03.

Of the four councils audited three had overstated their overall length of local roads, one by as much as 114 km, while one had understated its overall local road length by 7 km.

Similarly, all four councils required adjustments to their originally reported bridge length data. Two councils had overstated their overall bridge lengths, while two had understated their lengths.

Three of the councils audited used Excel to record their road and bridge data. The fourth councils used the TAMS (Total Asset Management System) suite of software, in conjunction with Excel, to record its data.

As in previous years, road and bridge length data quality was found to relate more to the controls that were in place to manage and maintain data input and updates rather than the sophistication of the software used.

Appendix 10. 2002 Information Data Returns

The Grants Commission would like to extend its sincere thanks to those councils that submitted their 2002 Information Data Returns by the required date, thereby facilitating the timely determination of grants.

145 Councils submitted their General Return by the due date

Albury	Copmanhurst	Lachlan	Ryde
Armidale Dumaresq	Cowra	Lake Macquarie	Scone
Ashfield	Crookwell	Lane Cove	Severn
Auburn	Culcairn	Leeton	Shellharbour
Ballina	Deniliquin	Leichhardt	Shoalhaven
Balranald	Dubbo	Lismore	Singleton
Bankstown	Dungog	Lithgow	South Sydney
Barraba	Eurobodalla	Liverpool	Strathfield
Bathurst	Evans	Maclean	Sutherland
Baulkham Hills	Fairfield	Maitland	Sydney
Bega Valley	Forbes	Manly	Tamworth
Berrigan	Gilgandra	Marrickville	Temora
Bingara	Glen Innes	Merriwa	Tumbarumba
Blacktown	Gloucester	Mosman	Tumut
Blayney	Gosford	Mudgee	Tweed
Bogan	Goulburn	Mulwaree	Uralla
Bombala	Grafton	Murray	Urana
Botany Bay	Great Lakes	Murrurundi	Wagga Wagga
Bourke	Greater Taree	Nambucca	Walcha
Brewarrina	Griffith	Narrabri	Warren
Broken Hill	Gundagai	Narrandera	Warringham
Burwood	Gunnedah	Narromine	Waverley
Cabonne	Gunning	Newcastle	Weddin
Camden	Hastings	North Sydney	Wellington
Campbelltown	Hay	Nundle	Willoughby
Carrathool	Holbrook	Oberon	Wingecarribee
Central Darling	Holroyd	Orange	Wollondilly
Cessnock	Hornsby	Parkes	Wollongong
Cobar	Hume	Parramatta	Woollahra
Coffs Harbour	Hunters Hill	Parry	Wyong
Conargo	Inverell	Penrith	Yallaroi
Coolah	Junee	Pittwater	Yarrowlumla
Coolamon	Kempsey	Port Stephens	Yass
Cooma-Monaro	Kiama	Pristine Waters	Young
Coonabarabran	Kogarah	Randwick	
Coonamble	Ku-ring-gai	Richmond Valley	
Cootamundra	Kyogle	Rockdale	

162 Councils submitted their Roads and Bridges Return by the due date

Albury	Corowa	Kyogle	Rockdale
Armidale Dumaresq	Cowra	Lachlan	Ryde
Ashfield	Crookwell	Lake Macquarie	Rylstone
Auburn	Culcairn	Lane Cove	Scone
Ballina	Deniliquin	Leeton	Severn
Balranald	Dubbo	Leichhardt	Shellharbour
Bankstown	Dungog	Lismore	Shoalhaven
Barraba	Eurobodalla	Lithgow	Singleton
Bathurst	Evans	Liverpool	Snowy River
Baulkham Hills	Fairfield	Lockhart	South Sydney
Bega Valley	Forbes	Maclean	Strathfield
Bellingen	Gilgandra	Maitland	Sutherland
Berrigan	Glen Innes	Manilla	Sydney
Bingara	Gloucester	Manly	Tallaganda
Blacktown	Gosford	Marrickville	Tamworth
Bland	Goulburn	Merriwa	Temora
Blayney	Grafton	Moree Plains	Tenterfield
Blue Mountains	Great Lakes	Mudgee	Tumut
Bogan	Greater Taree	Mulwaree	Tweed
Botany Bay	Griffith	Murray	Uralla
Bourke	Gundagai	Murrumbidgee	Urana
Brewarrina	Gunnedah	Murrurundi	Wakool
Broken Hill	Gunning	Muswellbrook	Walcha
Burwood	Guyra	Nambucca	Walgett
Byron	Harden	Narrandera	Warren
Cabonne	Hastings	Narromine	Warringah
Camden	Hawkesbury	Newcastle	Waverley
Campbelltown	Hay	North Sydney	Weddin
Canterbury	Holbrook	Nundle	Wentworth
Carrathool	Holroyd	Oberon	Willoughby
Central Darling	Hornsby	Orange	Wingecarribee
Cobar	Hume	Parkes	Wollondilly
Coffs Harbour	Hunters Hill	Parramatta	Wollongong
Conargo	Hurstville	Parry	Woollahra
Coolah	Inverell	Penrith	Wyong
Coolamon	Jerilderie	Pittwater	Yallaroi
Cooma-Monaro	Junee	Port Stephens	Yarrowlumla
Coonabarabran	Kempsey	Pristine Waters	Yass
Coonamble	Kiama	Queanbeyan	Young
Cootamundra	Kogarah	Randwick	
Copmanhurst	Ku-ring-gai	Richmond Valley	

Glossary

Cash payment

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.

Disability

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.

Disability factor

A measure of the underlying influence on a council's expenditure which produces a disability, expressed as a percentage of the State average.

Effort neutral

The assessment of a financial assistance grant is effort neutral when it neither 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.

Effort positive

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.

Equalisation component

See general purpose component.

Estimated entitlement

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).

Exclusion method

The exclusion from the calculation of a council's financial assistance grant of all assessed expenditure linked to Commonwealth or State specific purpose funding.

Financial assistance grant

Refers to payments made under the *Local Government (Financial Assistance) Act 1995*. 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.

Function

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, libraries, planning, and health and safety are referred to as functions.

General purpose component (equalisation component)

That part of the financial assistance grant component which is determined by the Commission on the basis of horizontal equalisation principles.

Horizontal equalisation

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 calculation takes into account the differences in expenditure required in performing its functions and in the capacity to raise revenue.

Inclusion method

The inclusion of all assessed expenditure in the council's financial assistance grant, including that related to Commonwealth and State specific purpose funding.

Local Government Grants Commission

In each State and the Northern Territory, Local Government Grants Commissions have been established under State and Territory jurisdiction to provide recommendations on the distribution of the available general purpose and local roads component grants to councils in that State/Territory.

Local roads component

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.

Overpayments and underpayments

These occur when the actual Consumer Price Index (CPI) and states' population shares differ from the forward estimates upon which the estimated entitlement was based. The Commonwealth determines these differences and adjustments are made to the following year's cash payments. For example: if the Commonwealth estimated 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.

Per capita minimum

This is the minimum entitlement for each council's financial assistance grant. 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 grant based on the horizontal equalisation calculation falls below this minimum entitlement.

Specific purpose grant

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.

Standard cost

A weighted average of unit costs, excluding extreme values, results in the standard cost.

Standardised revenue and expenditure

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.

Unit cost

Commission identified recurrent expenditure for a function for a council divided by that council's appropriate number of units.

Units

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 urban properties, non-urban properties, length of road, and bridge length.

