



NSW Local Government Grants Commission

2003
2004

ANNUAL REPORT

Access to Services

The NSW Local Government Grants Commission is located at:

5 O'Keefe Avenue
Nowra NSW 2541

Postal address
Locked Bag 3015
Nowra NSW 2541

Telephone (02) 4428 4100
Facsimile (02) 4428 4199
Tty (02) 4428 4209
Web site www.dlg.nsw.gov.au/grants

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NSW Local Government Grants Commission
Annual Report 2003–04

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 2004 and including the Commission's recommendations for the distribution of financial assistance grants for 2004–05.

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, 2003–04.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'M. Daly', written in a cursive style.

Emeritus Professor Maurice Daly
Chairperson

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I would like to thank my fellow commissioners, Grahame Gibbs, Warren Mundine and Heather Wilton, for their valuable and thoughtful input to the Commission's deliberations during 2003–04. It was regrettable that increasing commitments, outside the Commission, meant that Warren Mundine had to resign from the Commission. On behalf of the commissioners and staff I wish Warren every success in his future endeavours. I would also like to take this opportunity to welcome to the team Cr Kiril Jonovski and look forward to his contributions during the year ahead.

Finally, I would like to acknowledge the contributions of the Commission's support staff and in doing so welcome Helen Pearce, who commenced duties in September 2003, as assistant to the executive officer, Bruce Wright.

A handwritten signature in white ink, appearing to read 'M. Daly', with a stylized flourish at the end.

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 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
- Heather Wilton, member—to 30 June 2007
- Warren Mundine, member—resigned 22 April 2004
- Councillor Kiril Jonovski, member—from 1 July 2004 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
- Helen Pearce, Finance Officer (from 8 September 2003)

The Commission acknowledges the substantial contributions of the staff.

Summary of Activities 2003–04

National Conference

The Victoria Grants Commission hosted the 2003 annual National Conference of State Grants Commissions, 14–16 October 2003. Those attending the conference included representatives from the States' Grants Commissions; the Department of Transport and Regional Services; the Australian Bureau of Statistics and local government. The conference agenda included reports by the Chairs of States' Grants Commissions. The conference also considered Commonwealth's Cost Shifting Inquiry; the challenges facing regional and rural councils; issues facing local government in Victoria; and measuring social capital.

Executive Officers Meeting

The Department of Transport and Regional Services hosted the annual meeting of the executive officers from the states' Grants Commissions. The meeting was held in Canberra, 3–4 March 2004. The meeting included presentations on methodology issues in each state and speakers on topics relevant to Grants Commission activities. Issues discussed included the progress of the cost shifting inquiry, tourism, strategies for maintaining the viability of small councils, the roads to recovery programme, ABS population estimates, and indigenous needs in the allocation of financial assistance grants.

Act Review

In June 2000 the Commonwealth Grants Commission (CGC) was asked to review 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. The House of Representatives Economics Committee released its final report in November 2003. Further information is available from the Committee’s website at:

www.aph.gov.au/house/committee/efpa/localgovt/index.htm.

The Local Government and Planning Ministers’ Council is currently considering the Committee of Inquiry’s recommendations.

Visits to Councils

The Commission visited twenty-eight councils during 2003–04. 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 about 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 of NSW and the Shires Association of NSW 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. The distribution of the data returns was staggered over three months (September, October, and November), thereby, easing the burden on councils.

One hundred and forty-eight General Returns were received by the due-by date compared with the previous year’s 145. On-time responses for the *Roads Return* were 160 compared to the previous year’s 162. 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 2003–04 with four councils being audited. A summary of the auditor's report is included in the appendices.

Payments

During 2003–04 the grants continued to be paid in quarterly instalments. The total payments to local governing bodies are summarised below:

18 August 2003	\$122,072,939
18 November 2003	\$122,072,939
17 February 2004	\$122,072,939
18 May 2004	\$122,072,941
Total	*\$488,291,758

Note: Commonwealth estimates of the consumer price index and the States' shares of population on which the 2002–03 recommendations were based varied from the actual change in the CPI March 2003 and the population shares to 30 December 2002. Therefore, an adjustment was made to the instalments of the 2003–04 grant and is reflected in the Schedule of Entitlements shown in this report. The amount of underpayment was \$1,442,851. In 2003–04 the CPI/population estimates varied from the actual resulting in an overpayment. Adjustments for the 2003–04 overpayment are to be made to the 2004–05 grant payments. The overpayment amounted to \$2,370,379. The adjustment is made to councils proportionally.

Highlights for 2004–05 Grants

The total funds for New South Wales, compared to 2003–04:

Component	2003–04 CPI/Pop. Adjusted Entitlement	2004–05 Estimated Entitlement	% Change
General Purpose	350,627,269	359,861,890	2.6%
Local Roads	133,851,259	138,000,648	3.1%
Total	484,478,528	497,862,538	2.8%

General Purpose Component—2004–05

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

Movements in the grants from year to year are usually 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 2003 is ABS publication *Regional Population Growth, Australia and New Zealand, 2002–03* (cat. no. 3218.0).

As a result of boundary changes the estimated resident population figures for a number of council areas have been revised on the basis of information provided to the Grants Commission by the affected councils. Therefore, council names and the population figures shown in Grant Commission publications will vary from those published by the ABS.

Compared to the figures used in last year's calculations, the state's population increased by 0.8%. Individual council variations ranged from an increase of 5% for Sydney (Sydney and former South Sydney combined) to a reduction of 1.5% for Bombala.

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

State-wide the local road length reported by councils has increased by 547 km, compared with the previous year's increase of 159 km. The aggregate of the length of bridges on local roads increased by 259 m, compared with last year's 362 m increase.

Variations for individual council's road lengths range from an increase of 93 km to a reduction of 78 km. Changes to reported bridge length ranged from an increase of 174 m to a 676 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 2003–04 CPI/population adjusted entitlements and category references are based on the Australian Classification of Local Government. Adjustments have been made for boundary changes.

New South Wales' general purpose estimated entitlement for 2004–05 is \$359,861,890.

The NSW share of the general purpose component is 33.57% (this is a decrease on last year because NSW's proportion of the national population has decreased).

The increase in the general purpose grant to NSW is 2.63%, compared to the national increase of 3.10%.

One hundred and thirty-nine of the state's one hundred and fifty-seven local authorities (includes Lord Howe Island, Silverton, and Tibooburra) received increased grants.

Councils receiving the highest increases in their general purpose component grant were: Greater Taree (8.4%); Murray (7.5%) and Maitland (6.6%).

Councils receiving the greatest reductions in their general purpose component were: Botany Bay; Byron; Camden; Holroyd; Kiama; Leichhardt; and Marrickville Councils, each with a reduction of –4%. These were followed by: Carrathool (–1.9%); Bankstown (–1.9%); Brewarrina (–1.6%); Gosford (–0.7%); Bourke (–0.5%); and Fairfield (–0.5%).

Generally, non-metropolitan councils received bigger increases than metropolitan councils.

Metropolitan (those in the Sydney Statistical District)

The average increase for metropolitan councils was 1.1% compared to the state increase of 2.6%. North Sydney City received the largest general purpose grant increase (4.9%), which reflects the City's above average increase in population and changes in property value relativities.

Ten of the twenty minimum grant councils received increases at or above the state average 2.6%. This reflects above average growth in these areas. The remaining ten all received increases above the metropolitan average increase of 1.1%.

Five metropolitan councils (Botany Bay; Camden; Holroyd; Leichhardt; and Marrickville Councils) experienced reductions capped at -4%.

Of all groups the urban developed small category had the largest increase of 3.4%. The three councils in this group are all on the per capita minimum grant. As a group, urban developed medium councils received a 1.5% increase. Of the fourteen councils in this category eight are on the per capita minimum. Two councils (Botany Bay and Leichhardt) and had reductions of -4%.

Urban developed large councils receive changes in grant ranging from -4.0% for Holroyd and Marrickville. Both experienced strengthening property values. Marrickville's population continued to decline, while Holroyd's population increase was below the state average. The average increase for councils in the urban developed very large classification was 1.9%. Bankstown had the largest reduction of -1.9%. The largest increase of 4.6% was for Blacktown.

Four of the eleven urban fringe councils received reduced grants, the largest reduction being -4% for Camden.

While always difficult to predict, it seems likely that metropolitan councils will continue to receive below average increases.

Non-metropolitan (outside the Sydney Statistical District)

The average increase for non-metropolitan councils was 3.3%, compared to the state's 2.6% increase.

Urban regional small councils received average increases of 4%, with only one of the twelve councils (Kiama) in this group receiving a reduced general purpose grant compared to 2003–04. Urban regional medium councils generally received above average increases, with this group's average increase being 4.4%. Greater Taree's increase of 8.4% was the highest, while Byron's -4% reduction was the lowest.

Two of the five councils in the urban regional large and very large groups showed above average increases in grant. Tweed received the highest increase of 5.7%. The smallest increase for councils in these two groups was Newcastle with a 0.6% increase.

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

Per Capita Minimum

Twenty councils, all located in the Sydney metropolitan area, will receive the “safety net” minimum entitlement provision. The councils on the per capita minimum of \$16.15 are: Baulkham Hills, Burwood, Canada Bay, Hornsby, Hunter’s Hill, Hurstville, Kogarah, Ku-ring-gai, Lane Cove, Manly, Mosman, Pittwater, Randwick, Rockdale, Ryde, Strathfield, Sutherland, Warringah, Willoughby, and Woollahra.

North Sydney has moved marginally above the per capita minimum. This movement is the result of above average growth and variations in property value relativities.

Sydney City Council has moved above the per capita minimum grant as a direct result of the amalgamation of South Sydney City and Sydney City Councils and the Grants Commission’s approved amalgamation principle. The general purpose component grant was determined on the basis of the aggregation of grants assessed for the former Sydney City and South Sydney City council areas.

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
-5% to -0%	18	11.5%
0% to 2.5%	45	28.7%
2.5% to 5%	69	44.0%
5% to 7.5%	23	14.6%
>7.5%	2	1.3%
	*157	100.0%

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

Local Roads Component—2004–05

The local roads component was calculated 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 2003–04 CPI/population adjusted entitlement.

New South Wales' allocation for 2004–05 is \$138,000,648, an increase of 3.1% 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 2003–04, 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
–5% to 0%	4	2.6%
0% to 2.5%	22	14.3%
2.5% to 5%	119	77.3%
5% to 7.5%	7	4.6%
>7.5%	2	1.3%
	*154	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 2004–05 increased 547 km compared to the previous year. Bridge length increased by 259 m.

Total Grants—2004–05

Local government financial assistance grants to New South Wales for 2004–05 total \$497,862,538, an increase on the 2003–04 CPI/population adjusted entitlement of 2.76%, compared to the national increase of 3.10%.

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
–5% to –2.5%	4	2.6%
–2.5% to 0%	6	3.8%
0% to 2.5%	53	33.8%
2.5% to 5%	77	49.0%
5% to 7.5%	16	10.2%
>7.5%	1	0.6%
	*157	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 grants?

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

Who decides how much each council should receive?

Each State and the Northern Territory must have a Local Government Grants Commission for it to receive funding 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, as at 30 June 2004, there are 154 councils, as well as the Lord Howe Island Board, and the Village Committees of Silverton and Tibooburra, that are entitled to receive the grants.

How much money is involved and how is it distributed?

The estimated national entitlement for 2004–05 is over \$1.547 billion. This is made up of a general purpose component (\$1.072 billion) and a local roads component (\$476 million).

The general purpose component is distributed on the basis of each state's share of the national population. NSW receives \$359.9 million, or about 33.6% (NSW has 33.6% of Australia's population).

The local roads component is distributed on the basis of a historical formula—for NSW it amounts to \$138 million (29% of the national funds).

2004–05 Estimated Entitlement

State/ Territory	General		Identified		Share	
	Purpose Component	Share %	Road Component	Share %	Share Total	%
NSW	359,861,890	33.57	138,000,648	29.01	497,862,538	32.17
VIC	265,115,812	24.73	98,061,584	20.62	363,177,396	23.47
QLD	205,755,302	19.19	89,119,163	18.74	294,874,465	19.05
WA	105,502,589	9.84	72,727,404	15.29	178,229,993	11.52
SA	82,051,932	7.65	26,140,123	5.50	108,192,055	6.99
TAS	25,716,419	2.40	25,206,027	5.30	50,922,446	3.29
NT	10,646,457	0.99	11,141,990	2.34	21,788,447	1.41
ACT	17,283,964	1.61	15,251,884	3.21	32,535,848	2.10
Total	1,071,934,365	100.00	475,648,823	100.00	1,547,583,188	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 forward estimates, made by the Commonwealth, of cpi and population shares between the states. If the actual cpi or population figures vary from the estimates then adjustments are made to the grants.

An overpayment occurred for the amount paid in 2003–04. The overpayment amounted to \$7.42 million nationally and \$2.37 million for NSW. This was due to an overestimate of cpi and population changes. Grant adjustments are made proportionally across all councils and are deducted from the 2004–05 quarterly payments.

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?

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 that 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 \$22.58 per capita.

It is assumed that a council with a population of 10,000 would spend \$225,800 on library services (ie. 10,000 x \$22.58).

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 a non-English speaking background.

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:

$$10,000 \times \$22.58 \times 0.2 = \$45,160$$

In other words, it is estimated that it would cost the council \$45,160 more than the standard council because of its inherent disabilities. \$45,160 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 statewide 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 statewide 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 2004–05 grants have been determined by the Commission using Australian Bureau of Statistics population estimates (preliminary) for each council area, at 30 June 2003. The 2004–05 per capita minimum is \$16.15. There are twenty councils 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* (\$16.15 for 2004–05) 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 Association of NSW, the Shires Association of NSW, 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 the Commission agreed with views of the Associations and local government and excluded water and sewerage functions from the distribution formula.

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.

What about boundary changes?

The councils affected by boundary changes have provided the Commission with estimates of population and local road and bridge length information. On the basis of this information the local roads component was assessed using the existing distribution formula.

In the case of the general purpose component, grants have been determined on the basis of the former council areas. The grants have then been apportioned to the new areas on the basis of the per capita amounts and population movements to the new areas.

Schedule of Grant Entitlements

The Commission's recommendations for the distribution of funds to local government in New South Wales for 2004–05, together with the actual entitlements for 2002–03 and 2003–04, are set out in the accompanying table. The recommendations have been determined in accordance with the provisions of the Commonwealth *Local Government (Financial Assistance) Act, 1995*; the *NSW Local Government Act 1993*; and the methodology as set out in this report.

Estimated grant entitlements for 2004–05 are based on Commonwealth estimates of the annual cpi movements to March 2005 and the states' shares of the national population as at 31 December 2003. Adjustments, if necessary, will be made to the following year's payment instalments.

Entitlements for 2002–03 and 2003–04 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 \$1,442,851 occurred in 2002–03, and an overpayment of \$2,370,379 in 2003–04.

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	2002-03				2003-04				2004-05			
	Estimated Resident Population as at 30/6/01	Actual Entitlement			Estimated Resident Population as at 30/6/02	Actual Entitlement			Estimated Resident Population as at 30/6/03*	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) (new) *	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	46,690	3,664,964	842,913	4,507,877
Albury (C)	42,644	3,061,167	709,652	3,770,819	44,460	3,254,391	739,137	3,993,528	n.a.	n.a.	n.a.	n.a.
Armidale Dumaresq	24,383	1,961,431	860,622	2,822,053	24,804	2,003,836	881,296	2,885,132	24,675	2,057,940	904,370	2,962,310
Ashfield (M)	42,362	874,593	204,475	1,079,068	40,400	860,647	203,904	1,064,551	40,326	860,588	208,448	1,069,036
Auburn	59,179	1,450,298	346,652	1,796,950	60,135	1,478,053	358,009	1,836,062	61,125	1,488,949	369,225	1,858,174
Ballina (S)	37,534	1,993,360	761,803	2,755,163	38,889	2,052,710	785,296	2,838,006	39,266	2,088,582	810,106	2,898,688
Balranald (S)	2,828	1,098,613	768,852	1,867,465	2,764	1,133,208	808,223	1,941,431	2,761	1,141,181	830,586	1,971,767
Bankstown (C)	174,114	3,963,193	1,010,886	4,974,079	173,370	3,865,118	1,034,002	4,899,120	174,513	3,792,116	1,061,420	4,853,536
Barraba (S)	2,135	659,368	455,131	1,114,499	2,232	648,229	473,472	1,121,701	n.a.	n.a.	n.a.	n.a.
Bathurst Regional *	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	36,331	2,833,900	1,176,092	4,009,992
Bathurst (C)	30,663	1,873,011	518,958	2,391,969	30,930	1,983,921	526,528	2,510,449	n.a.	n.a.	n.a.	n.a.
Baulkham Hills (S)	144,532	2,264,081	1,088,771	3,352,852	150,572	2,385,412	1,150,639	3,536,051	154,496	2,494,645	1,244,186	3,738,831
Bega Valley (S)	29,257	3,039,927	1,122,361	4,162,288	31,164	3,268,802	1,190,394	4,459,196	31,499	3,470,720	1,226,527	4,697,247
Bellingen (S)	12,506	1,555,891	517,047	2,072,938	12,767	1,602,141	531,194	2,133,335	12,786	1,671,712	547,228	2,218,940
Berrigan (S)	8,055	1,655,548	864,547	2,520,095	8,186	1,770,900	889,519	2,660,419	8,162	1,832,688	865,891	2,698,579
Bingara (S)	1,932	516,058	346,142	862,200	2,055	529,211	357,366	886,577	n.a.	n.a.	n.a.	n.a.
Blacktown (C)	261,260	10,368,885	1,792,490	12,161,375	270,109	11,014,723	1,883,006	12,897,729	273,267	11,523,919	1,945,653	13,469,572
Bland (S)	6,144	2,244,111	1,767,154	4,011,265	6,642	2,319,083	1,830,768	4,149,851	6,603	2,347,649	1,881,090	4,228,739
Blayney (S)	6,330	938,483	500,743	1,439,226	6,618	972,849	516,284	1,489,133	6,650	1,017,710	530,858	1,548,568
Blue Mountains (C)	76,913	5,147,900	907,660	6,055,560	77,426	5,226,960	932,975	6,159,935	77,470	5,315,935	958,631	6,274,566
Bogan (S)	3,164	1,209,962	888,690	2,098,652	3,162	1,239,850	914,900	2,154,750	3,116	1,245,500	939,825	2,185,325
Bombala	2,691	675,338	437,664	1,113,002	2,613	690,461	444,500	1,134,961	2,572	707,835	457,032	1,164,867
Boorowa	2,408	512,653	478,303	990,956	2,440	515,935	409,607	925,542	2,449	525,062	421,056	946,118
Botany Bay (C)	36,730	787,300	183,701	971,001	37,398	775,313	190,085	965,398	37,472	744,525	194,735	939,260
Bourke (S)	3,670	1,755,386	1,154,999	2,910,385	3,947	1,812,907	1,197,639	3,010,546	3,938	1,803,664	1,231,483	3,035,147
Brewarrina (S)	2,197	1,149,148	783,151	1,932,299	2,175	1,173,091	806,286	1,979,377	2,147	1,154,470	828,395	1,982,865
Broken Hill (C)	20,096	2,589,912	337,884	2,927,796	20,908	2,714,506	348,941	3,063,447	20,666	2,827,900	355,358	3,183,258
Burwood	30,830	482,950	162,204	645,154	30,731	486,852	165,922	652,774	30,827	497,764	170,069	667,833
Byron (S)	29,556	1,498,269	712,126	2,210,395	30,018	1,566,757	728,222	2,294,979	30,404	1,504,541	759,094	2,263,635
Camden (S)	11,978	1,605,784	1,262,442	2,868,226	12,601	1,648,450	1,304,373	2,952,823	12,620	1,693,300	1,340,849	3,034,149
Camden	44,899	1,550,212	472,628	2,022,840	47,863	1,539,529	498,318	2,037,847	49,451	1,478,394	516,465	1,994,859
Campbelltown (C)	150,343	7,046,070	1,036,371	8,082,441	150,631	6,998,615	1,068,724	8,067,339	150,589	6,981,976	1,105,761	8,087,737
Canada Bay (C)	62130	973264	343283	1316547	63631	1008064	356026	1364090	64,671	1,044,242	377,172	1,421,414
Canterbury (C)	140,106	3,318,737	714,492	4,033,229	136,802	3,266,030	722,827	3,988,857	135,573	3,262,354	736,142	3,998,496
Carrathool (S)	3,106	1,708,409	1,409,898	3,118,307	3,349	1,710,031	1,432,827	3,142,858	3,319	1,677,036	1,477,822	3,154,858
Central Darling (S)	2,313	1,719,106	959,594	2,678,700	2,424	1,782,529	989,625	2,772,154	2,392	1,780,976	1,016,737	2,797,713
Cessnock (C)	46,679	3,388,154	1,048,798	4,436,952	47,566	3,580,705	1,080,828	4,661,533	47,842	3,746,699	1,109,627	4,856,326
Clarence Valley *	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	49,442	5,928,382	2,120,788	8,049,170
Cobar (S)	5,440	1,776,719	1,031,591	2,808,310	5,157	1,814,287	1,058,412	2,872,699	5,076	1,825,753	1,091,731	2,917,484
Coffs Harbour (C) *	60,898	3,387,011	1,107,094	4,494,105	62,906	3,595,318	1,146,395	4,741,713	65,140	4,007,667	1,247,513	5,255,180
Conargo (S)	1763	864253	779400	1643653	1826	879922	803527	1683449	1,806	896,749	825,634	1,722,383
Coolah (S)	3,719	1,029,309	635,583	1,664,892	3,945	1,055,852	657,408	1,713,260	3,907	1,081,203	675,769	1,756,972
Coolamon (S)	3,941	1,238,261	783,665	2,021,926	4,121	1,270,929	808,320	2,079,249	4,104	1,291,984	830,491	2,122,475
Cooma-Monaro *	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	9,647	1,605,453	699,546	2,304,999
Cooma-Monaro (S)	9,161	1,480,246	627,052	2,107,298	9,416	1,521,459	644,874	2,166,333	n.a.	n.a.	n.a.	n.a.
Coonabarabran (S)	6,597	1,481,489	831,639	2,313,128	6,833	1,524,205	857,241	2,381,446	6,761	1,562,875	880,151	2,443,026
Coonamble (S)	4,705	1,308,039	885,686	2,193,725	4,801	1,336,071	912,239	2,248,310	4,758	1,353,733	938,286	2,292,019
Cootamundra (S)	7,340	1,089,854	432,940	1,522,794	7,667	1,133,933	446,816	1,580,749	7,607	1,190,772	458,434	1,649,206
Copmanhurst (S)	4,148	760,401	442,628	1,203,029	4,618	793,354	460,305	1,253,659	n.a.	n.a.	n.a.	n.a.
Corowa (S) (new) *	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	10,998	1,996,713	927,001	2,923,714

Local Governing Body	2002-03				2003-04				2004-05			
	Estimated Resident Population as at 30/6/01	Actual Entitlement			Estimated Resident Population as at 30/6/02	Actual Entitlement			Estimated Resident Population as at 30/6/03*	Estimated Entitlement		
		General Purpose Component	Local Roads Component	Total		General Purpose Component	Local Roads Component	Total		General Purpose Component	Local Roads Component	Total
Corowa (S)	8,337	1,581,275	809,134	2,390,409	8,583	1,639,569	833,475	2,473,044	n.a.	n.a.	n.a.	n.a.
Cowra (S)	12,573	1,709,199	880,299	2,589,498	13,108	1,747,878	908,526	2,656,404	13,108	1,802,314	941,116	2,743,430
Crookwell (S)	4,311	708,065	594,184	1,302,249	4,353	744,742	611,467	1,356,209	n.a.	n.a.	n.a.	n.a.
Culcairn (S)	3,987	911,704	520,340	1,432,044	4,062	931,002	535,663	1,466,665	n.a.	n.a.	n.a.	n.a.
Deniliquin	8,049	1,202,426	176,969	1,379,395	8,322	1,251,180	184,240	1,435,420	8,280	1,324,475	188,650	1,513,125
Dubbo (C)	37,998	3,026,286	1,071,479	4,097,765	38,902	3,188,853	1,100,527	4,289,380	38,937	3,355,926	1,176,361	4,532,287
Dungog (S)	7,963	953,707	553,055	1,506,762	8,417	965,038	571,314	1,536,352	8,427	995,578	577,577	1,573,155
Eastern Capital City Regional *	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	11,209	1,276,352	848,729	2,125,081
Eurobodalla (S)	32,338	3,722,596	927,361	4,649,957	34,625	3,905,925	970,281	4,876,206	35,291	4,083,383	1,025,287	5,108,670
Evans (S)	5,202	688,938	707,246	1,396,184	5,409	727,312	729,244	1,456,556	n.a.	n.a.	n.a.	n.a.
Fairfield (C)	192,163	7,295,618	1,125,546	8,421,164	188,889	7,376,374	1,140,650	8,517,024	188,462	7,343,103	1,166,968	8,510,071
Forbes (S)	10,022	2,078,715	1,212,131	3,290,846	10,155	2,146,750	1,247,004	3,393,754	10,098	2,213,030	1,280,876	3,493,906
Gilgandra (S)	4,539	1,119,982	799,097	1,919,079	4,777	1,135,393	825,209	1,960,602	4,739	1,147,719	847,677	1,995,396
Glen Innes (M)	5,782	830,231	132,371	962,602	6,020	861,113	136,155	997,268	5,987	909,433	140,647	1,050,080
Gloucester (S)	4,840	742,974	538,459	1,281,433	4,936	748,237	553,947	1,302,184	4,911	777,867	574,228	1,352,095
Gosford (C)	162,213	6,466,081	1,494,772	7,960,853	162,184	6,290,079	1,534,776	7,824,855	162,533	6,244,409	1,571,485	7,815,894
Goulburn (C)	20,447	1,414,202	322,409	1,736,611	21,303	1,475,869	333,297	1,809,166	n.a.	n.a.	n.a.	n.a.
Grafton (C)	16,837	1,322,201	282,271	1,604,472	17,341	1,372,294	289,621	1,661,915	n.a.	n.a.	n.a.	n.a.
Great Lakes	31,739	3,642,884	914,573	4,557,457	32,928	3,809,163	948,655	4,757,818	33,576	3,969,873	1,002,699	4,972,572
Greater Argyle *	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	26,911	2,369,702	1,013,180	3,382,882
Greater Hume (S) *	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	10,070	1,957,900	1,278,323	3,236,223
Greater Queanbeyan (C) *	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	35,994	1,882,141	526,325	2,408,466
Greater Taree (C)	44,297	2,850,306	1,549,003	4,399,309	45,141	3,024,526	1,586,070	4,610,596	45,793	3,279,148	1,665,020	4,944,168
Griffith (C)	24,235	1,476,311	936,917	2,413,228	24,732	1,515,739	964,531	2,480,270	24,776	1,592,281	994,147	2,586,428
Gundagai (S)	3,696	616,153	489,610	1,105,763	3,797	633,227	504,363	1,137,590	3,776	662,612	524,649	1,187,261
Gunnedah (S)	12,371	1,609,213	960,438	2,569,651	12,503	1,664,723	985,985	2,650,708	12,178	1,693,813	1,007,176	2,700,989
Gunning (S)	2,270	489,536	398,848	888,384	2,330	512,259	417,433	929,692	n.a.	n.a.	n.a.	n.a.
Guyra (S)	4,202	856,136	578,275	1,434,411	4,488	886,025	597,505	1,483,530	4,456	918,525	613,703	1,532,228
Gwydir (S) *	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	5,597	1,472,221	1,317,297	2,789,518
Harden (S)	3,691	1,013,876	585,975	1,599,851	3,831	1,048,412	604,115	1,652,527	3,805	1,084,975	620,567	1,705,542
Hastings	63,835	3,913,922	1,555,546	5,469,468	67,087	4,166,375	1,619,438	5,785,813	68,471	4,322,641	1,683,400	6,006,041
Hawkesbury (C)	62,953	2,752,670	1,117,999	3,870,669	63,354	2,811,190	1,148,505	3,959,695	63,700	2,871,933	1,180,245	4,052,178
Hay (S)	3,603	1,039,536	487,216	1,526,752	3,605	1,074,358	500,911	1,575,269	3,580	1,096,580	507,590	1,604,170
Holbrook (S)	2,475	518,268	313,580	831,848	2,495	535,220	323,956	859,176	n.a.	n.a.	n.a.	n.a.
Holroyd (C)	90,119	2,346,135	567,454	2,913,589	90,013	2,245,212	581,507	2,826,719	90,533	2,156,055	596,572	2,752,627
Hornsby (S)	151,198	2,368,503	985,372	3,353,875	154,708	2,450,935	1,031,455	3,482,390	155,971	2,518,462	1,059,133	3,577,595
Hume (S)	7,388	865,569	494,550	1,360,119	7,877	947,777	535,402	1,483,179	n.a.	n.a.	n.a.	n.a.
Hunters Hill (M)	14,029	219,765	98,335	318,100	13,556	214,759	99,309	314,068	13,692	221,085	102,006	323,091
Hurstville (C)	74,226	1,162,744	398,948	1,561,692	74,703	1,183,470	410,128	1,593,598	75,230	1,214,738	422,829	1,637,567
Inverell (S)	14,725	2,149,311	1,256,237	3,405,548	15,827	2,239,107	1,300,879	3,539,986	15,779	2,321,751	1,338,144	3,659,895
Jerilderie (S)	1,833	768,374	615,990	1,384,364	1,910	780,424	635,154	1,415,578	1,893	785,444	652,611	1,438,055
Junee (S)	5,839	1,123,684	544,275	1,667,959	5,920	1,165,207	559,672	1,724,879	5,891	1,217,650	578,419	1,796,069
Kempsey (S)	27,227	2,495,713	1,095,952	3,591,665	27,620	2,629,578	1,122,711	3,752,289	27,850	2,769,426	1,157,431	3,926,857
Kiama (M)	19,635	939,770	268,061	1,207,831	20,139	906,031	276,723	1,182,754	20,255	870,052	284,466	1,154,518
Kogarah (M)	54,254	849,887	305,856	1,155,743	53,250	843,605	310,583	1,154,188	53,775	868,305	319,341	1,187,646
Ku-Ring-Gai	109,255	1,711,469	725,550	2,437,019	108,314	1,715,946	740,963	2,456,909	108,760	1,756,147	755,641	2,511,788
Kyogle	9,596	1,421,958	1,016,412	2,438,370	9,779	1,464,032	1,050,001	2,514,033	9,673	1,524,079	1,080,911	2,604,990
Lachlan (S)	7,055	2,730,134	1,988,248	4,718,382	7,542	2,800,212	2,052,234	4,852,446	7,477	2,812,640	2,108,431	4,921,071
Lake Macquarie (C)	186,020	9,669,219	1,718,317	11,387,536	188,717	10,042,274	1,774,352	11,816,626	189,150	10,313,712	1,828,402	12,142,114
Lane Cove (M)	32,024	501,656	180,761	682,417	32,141	509,189	185,569	694,758	32,270	521,064	185,436	706,500
Leeton (S)	11,991	1,470,644	622,939	2,093,583	11,989	1,527,585	638,044	2,165,629	12,018	1,604,739	668,479	2,273,218

Local Governing Body	2002-03				2003-04				2004-05			
	Estimated Resident Population as at 30/6/01	Actual Entitlement			Estimated Resident Population as at 30/6/02	Actual Entitlement			Estimated Resident Population as at 30/6/03*	Estimated Entitlement		
		General Purpose Component	Local Roads Component	Total		General Purpose Component	Local Roads Component	Total		General Purpose Component	Local Roads Component	Total
Leichhardt (M)	63,278	1,437,809	337,519	1,775,328	51,927	1,123,526	280,614	1,404,140	51,114	1,078,911	282,843	1,361,754
Lismore (C)	42,849	3,258,384	1,217,248	4,475,632	43,070	3,327,511	1,238,690	4,566,201	43,045	3,438,432	1,271,807	4,710,239
Lithgow (C) (new) *	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	20,693	2,327,448	736,094	3,063,542
Lithgow (C)	19,903	2,079,224	614,793	2,694,017	20,381	2,185,367	630,917	2,816,284	n.a.	n.a.	n.a.	n.a.
Liverpool (C)	155,059	5,223,914	1,163,008	6,386,922	163,464	5,354,034	1,225,201	6,579,235	165,649	5,400,444	1,261,042	6,661,486
Liverpool Plains (S) *	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	7,948	1,292,295	885,271	2,177,566
Lockhart (S)	3,351	1,323,392	967,294	2,290,686	3,555	1,357,887	997,972	2,355,859	3,544	1,374,577	1,025,648	2,400,225
Lord Howe Island (Bd)	353	118,476	0	118,476	362	122,630	0	122,630	352	125,667	0	125,667
Maclean (S)	16,991	1,938,450	529,462	2,467,912	17,365	2,017,717	544,198	2,561,915	n.a.	n.a.	n.a.	n.a.
Maitland (C)	55,294	3,245,594	710,343	3,955,937	57,782	3,435,186	737,782	4,172,968	58,941	3,660,463	769,034	4,429,497
Manilla (S)	3,210	598,554	403,382	1,001,936	3,300	610,476	415,466	1,025,942	n.a.	n.a.	n.a.	n.a.
Manly	39,192	613,943	203,402	817,345	38,827	615,110	207,359	822,469	38,868	627,602	212,313	839,915
Marrickville	79,387	3,036,602	394,879	3,431,481	76,587	2,943,392	396,582	3,339,974	75,991	2,826,510	404,102	3,230,612
Merrima (S)	2,192	444,191	348,444	792,635	2,362	456,230	360,176	816,406	n.a.	n.a.	n.a.	n.a.
Mid-Western Regional *	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	22,494	2,657,401	1,582,608	4,240,009
Moree Plains (S)	15,135	2,087,835	1,767,696	3,855,531	16,242	2,158,662	1,828,074	3,986,736	16,153	2,175,727	1,877,601	4,053,328
Mosman (M)	28,768	450,648	157,939	608,587	27,999	443,570	159,659	603,229	28,174	454,926	163,887	618,813
Mudgee (S)	18,181	1,673,288	1,052,312	2,725,600	18,464	1,719,454	1,082,899	2,802,353	n.a.	n.a.	n.a.	n.a.
Mulwaree (S)	6,438	951,297	862,691	1,813,988	7,090	1,010,460	895,413	1,905,873	n.a.	n.a.	n.a.	n.a.
Murray (S)	6,013	1,059,277	858,847	1,918,124	6,328	1,131,280	888,343	2,019,623	6,472	1,216,201	971,692	2,187,893
Murrumbidgee (S)	2,700	629,965	371,977	1,001,942	2,664	638,492	383,255	1,021,747	2,645	649,127	393,628	1,042,755
Murrurundi (S)	2,106	360,640	345,198	705,838	2,178	377,459	355,721	733,180	n.a.	n.a.	n.a.	n.a.
Muswellbrook (S)	15,188	1,476,824	550,251	2,027,075	15,352	1,522,202	562,252	2,084,454	15,291	1,617,015	586,071	2,203,086
Nambucca (S)	17,372	1,669,538	740,134	2,409,672	18,233	1,742,932	767,224	2,510,156	18,141	1,805,523	754,434	2,559,957
Narrabri (S)	13,668	2,285,943	1,406,885	3,692,828	14,477	2,335,728	1,453,574	3,789,302	14,383	2,372,467	1,492,609	3,865,076
Narrandera (S)	6,644	1,588,895	941,664	2,530,559	6,712	1,632,839	968,306	2,601,145	6,639	1,675,946	1,000,453	2,676,399
Narromine (S)	6,499	1,595,432	851,416	2,446,848	7,101	1,637,009	881,618	2,518,627	7,041	1,689,633	905,281	2,594,914
Newcastle (C)	142,046	9,095,250	1,145,207	10,240,457	143,238	9,350,874	1,181,079	10,531,953	144,375	9,410,532	1,214,781	10,625,313
North Sydney	59,298	928,897	295,948	1,224,845	59,282	939,165	303,130	1,242,295	60,041	985,184	312,404	1,297,588
Nundle (S)	1,342	257,000	205,157	462,157	1,331	260,817	211,338	472,155	n.a.	n.a.	n.a.	n.a.
Oberon (new) *	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	5,376	933,782	654,534	1,588,316
Oberon	4,739	796,834	492,574	1,289,408	5,077	838,980	508,947	1,347,927	n.a.	n.a.	n.a.	n.a.
Orange (C)	36,438	2,083,708	628,253	2,711,961	37,292	2,196,311	643,961	2,840,272	37,526	2,327,959	664,484	2,992,443
Parkes (S)	15,002	2,180,947	1,203,479	3,384,426	15,100	2,252,063	1,235,831	3,487,894	15,072	2,324,631	1,269,456	3,594,087
Parramatta (C)	148,440	3,620,208	948,593	4,568,801	148,225	3,680,466	972,209	4,652,675	149,016	3,832,709	1,005,366	4,838,075
Parry (S)	11,770	1,252,876	1,065,290	2,318,166	12,864	1,267,495	1,105,511	2,373,006	n.a.	n.a.	n.a.	n.a.
Penrith (C)	176,081	7,208,490	1,403,600	8,612,090	178,361	7,275,922	1,449,907	8,725,829	178,233	7,268,559	1,488,099	8,756,658
Pittwater	56,476	884,692	392,566	1,277,258	56,790	899,687	403,506	1,303,193	56,829	917,618	407,538	1,325,156
Port Stephens	57,804	3,242,562	703,459	3,946,021	60,155	3,315,019	724,628	4,039,647	61,379	3,362,500	751,650	4,114,150
Pristine Waters *	10,631	1,742,829	849,850	2,592,679	11,073	1,736,545	876,866	2,613,411	n.a.	n.a.	n.a.	n.a.
Queanbeyan (C)	31,353	1,584,800	429,389	2,014,189	33,334	1,674,644	451,851	2,126,495	n.a.	n.a.	n.a.	n.a.
Quirindi (S)	4,753	861,666	534,414	1,396,080	4,998	892,428	551,652	1,444,080	n.a.	n.a.	n.a.	n.a.
Randwick (C)	127,437	1,996,292	604,366	2,600,658	125,743	1,992,062	614,249	2,606,311	125,994	2,034,424	629,314	2,663,738
Richmond Valley	20,328	2,423,056	889,742	3,312,798	21,049	2,414,319	916,564	3,330,883	20,977	2,496,552	1,000,332	3,496,884
Rockdale (C)	92,551	1,542,279	508,475	2,050,754	92,988	1,473,147	522,325	1,995,472	94,155	1,520,320	537,892	2,058,212
Ryde (C)	98,447	1,542,166	579,773	2,121,939	99,399	1,574,712	596,988	2,171,700	99,506	1,606,722	611,215	2,217,937
Rylstone (S)	3,633	729,490	412,243	1,141,733	3,882	791,828	437,481	1,229,309	n.a.	n.a.	n.a.	n.a.
Scone (S)	9,428	1,036,023	654,389	1,690,412	9,919	1,064,742	677,939	1,742,681	n.a.	n.a.	n.a.	n.a.
Severn (S)	2,854	681,896	703,113	1,385,009	2,868	704,102	723,690	1,427,792	2,855	725,720	748,214	1,473,934
Shellharbour (C)	58,755	2,622,872	457,537	3,080,409	60,696	2,763,468	492,921	3,256,389	61,570	2,863,826	520,880	3,384,706
Shoalhaven (C)	84,719	6,683,621	1,847,830	8,531,451	89,401	6,977,026	1,936,471	8,913,497	90,679	7,143,181	2,020,106	9,163,287

SCHEDULE OF GRANT ENTITLEMENTS

Local Governing Body	2002-03				2003-04				2004-05			
	Estimated Resident Population as at 30/6/01	Actual Entitlement			Estimated Resident Population as at 30/6/02	Actual Entitlement			Estimated Resident Population as at 30/6/03*	Estimated Entitlement		
		General Purpose Component	Local Roads Component	Total		General Purpose Component	Local Roads Component	Total		General Purpose Component	Local Roads Component	Total
Silverton (VC)	58	20,354	0	20,354	57	20,560	0	20,560	57	21,090	0	21,090
Singleton (S)	20,673	1,361,778	705,869	2,067,647	21,480	1,431,798	736,467	2,168,265	21,729	1,502,233	760,393	2,262,626
Snowy River (S)	6,562	1,228,311	527,514	1,755,825	7,338	1,286,861	543,886	1,830,747	7,327	1,356,336	563,030	1,919,366
South Sydney (C)	88,530	2,290,379	436,354	2,726,733	58,698	1,556,685	319,262	1,875,947	n.a.	n.a.	n.a.	n.a.
Strathfield (M)	29,047	455,020	172,045	627,065	29,480	467,033	177,621	644,654	30,220	487,963	175,050	663,013
Sutherland Shire (S)	214,601	3,361,703	1,318,911	4,680,614	215,028	3,406,545	1,353,134	4,759,679	215,084	3,472,958	1,384,698	4,857,656
Sydney (C) (new) *	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	141,337	2,785,208	716,322	3,501,530
Sydney (C)	26,912	421,575	141,953	563,528	74,782	1,184,723	358,437	1,543,160	n.a.	n.a.	n.a.	n.a.
Tallaganda (S)	2,626	596,721	414,898	1,011,619	2,803	626,923	428,518	1,055,441	n.a.	n.a.	n.a.	n.a.
Tamworth (C)	35,570	2,281,852	597,615	2,879,467	36,952	2,411,631	611,751	3,023,382	n.a.	n.a.	n.a.	n.a.
Tamworth Regional *	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	54,226	5,058,024	2,609,524	7,667,548
Temora (S)	5,886	1,139,623	746,315	1,885,938	6,340	1,176,769	771,887	1,948,656	6,307	1,222,040	790,846	2,012,886
Tenterfield (S)	6,519	1,426,458	982,850	2,409,308	6,873	1,517,414	1,054,624	2,572,038	6,805	1,601,764	1,081,647	2,683,411
Tibooburra (VC)	124	43,516	0	43,516	128	46,169	0	46,169	128	47,360	0	47,360
Tumbarumba (S) *	3,510	741,883	355,429	1,097,312	3,709	777,194	367,119	1,144,313	3,691	825,154	377,112	1,202,266
Tumut (new) *	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	11,690	1,550,217	544,814	2,095,031
Tumut (S)	11,116	1,423,494	487,039	1,910,533	11,463	1,470,822	501,278	1,972,100	n.a.	n.a.	n.a.	n.a.
Tweed (S)	72,942	4,660,630	1,544,974	6,205,604	76,229	4,982,381	1,598,626	6,581,007	78,249	5,264,977	1,669,174	6,934,151
Upper Hunter (S) *	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	13,321	1,777,060	1,131,689	2,908,749
Upper Lachlan *	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	7,546	1,391,976	1,260,278	2,652,254
Uralla (S)	5,620	868,645	575,929	1,444,574	6,082	886,797	596,364	1,483,161	6,025	917,417	612,878	1,530,295
Urana (S)	1,492	763,493	542,226	1,305,719	1,428	777,483	557,745	1,335,228	1,414	782,002	573,093	1,355,095
Wagga Wagga (C)	55,362	3,832,477	1,899,664	5,732,141	57,131	4,072,817	1,955,442	6,028,259	57,245	4,335,350	2,011,559	6,346,909
Wakool (S)	4,718	1,220,903	890,253	2,111,156	4,896	1,273,297	917,640	2,190,937	4,857	1,320,893	940,631	2,261,524
Walcha	3,194	554,304	533,607	1,087,911	3,298	590,661	549,865	1,140,526	3,287	625,086	565,051	1,190,137
Walgett (S)	8,012	1,958,535	1,277,524	3,236,059	8,289	2,022,153	1,325,971	3,348,124	8,207	2,075,817	1,361,844	3,437,661
Warren (S)	3,273	834,971	625,012	1,459,983	3,310	840,971	643,408	1,484,379	3,302	859,133	661,187	1,520,320
Warringham	135,789	2,127,124	825,550	2,952,674	137,003	2,170,447	852,528	3,022,975	137,652	2,222,665	876,209	3,098,874
Waverley	64,924	1,414,426	281,211	1,695,637	63,131	1,374,173	285,713	1,659,886	62,290	1,419,525	289,945	1,709,470
Weddin (S)	3,566	966,157	611,307	1,577,464	3,849	990,046	631,832	1,621,878	3,815	1,020,464	648,939	1,669,403
Wellington	8,448	1,562,444	840,054	2,402,498	8,761	1,589,388	865,408	2,454,796	8,714	1,634,069	890,593	2,524,662
Wentworth (S)	7,035	2,031,971	1,222,871	3,254,842	7,218	2,070,158	1,259,902	3,330,060	7,218	2,079,273	1,294,765	3,374,038
Willoughby (C)	63,620	996,602	371,539	1,368,141	62,928	996,927	378,857	1,375,784	63,171	1,020,022	388,393	1,408,415
Wingecarribee (S)	41,889	2,466,050	1,054,309	3,520,359	43,517	2,521,369	1,088,629	3,609,998	43,953	2,525,370	1,124,830	3,650,200
Wollondilly (S)	36,700	1,642,871	828,578	2,471,449	38,981	1,698,845	846,288	2,545,133	39,843	1,709,701	881,971	2,591,672
Wollongong (C)	188,276	10,320,834	1,416,348	11,737,182	191,254	10,709,286	1,455,303	12,164,589	191,602	10,913,278	1,500,832	12,414,110
Woollahra (M)	55,072	862,701	276,869	1,139,570	52,909	838,202	275,617	1,113,819	53,332	861,152	282,306	1,143,458
Wyong (S)	135,379	6,627,207	1,358,104	7,985,311	138,215	6,809,787	1,411,954	8,221,741	140,288	6,931,590	1,467,234	8,398,824
Yallaro (S)	3,069	831,662	798,804	1,630,466	3,235	828,832	759,221	1,588,053	n.a.	n.a.	n.a.	n.a.
Yarrowlumla (S)	9,972	702,458	499,462	1,201,920	10,876	737,565	526,883	1,264,448	n.a.	n.a.	n.a.	n.a.
Yass (S)	9,647	1,098,553	662,225	1,760,778	10,517	1,131,543	689,258	1,820,801	n.a.	n.a.	n.a.	n.a.
Yass Valley *	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	12,199	1,378,083	784,779	2,162,862
Young (S)	11,266	1,385,626	770,069	2,155,695	11,865	1,438,722	795,734	2,234,456	11,903	1,502,103	817,985	2,320,088
TOTAL	6,531,856	341,069,580	129,751,124	470,820,704	6,639,694	350,627,269	133,851,259	484,478,528	6,685,991	359,861,890	138,000,648	497,862,538

Notes: Australian Bureau of Statistics' estimated resident population (preliminary) data used. Totals exclude the unincorporated area.

* As a result of boundary changes the estimated resident population numbers for a number of council areas have been revised on the basis of information provided to the Grants Commission by the affected councils. Therefore, council names and 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 2004–05 grants for each council. The information represents local road lengths as at 30 June 2003, 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 local roads kms	Non-urban sealed local roads kms	Non-urban unsealed local roads kms	Total local kms*
Albury (C) *	n.a.	n.a.	n.a.	460
Armidale Dumaresq	160	174	594	928
Ashfield (M)	92	0	0	92
Auburn	192	0	0	192
Ballina (S)	208	229	117	554
Balranald (S)	28	60	1,212	1,301
Bankstown (C)	547	0	0	547
Bathurst Regional *	n.a.	n.a.	n.a.	1,146
Baulkham Hills (S)	581	201	21	802
Bega Valley (S)	233	171	743	1,147
Bellingen (S)	81	204	194	479
Berrigan (S)	115	382	748	1,245
Blacktown (C)	984	93	15	1,093
Bland (S)	90	431	2,395	2,915
Blayney (S)	69	222	394	685
Blue Mountains (C)	557	85	73	716
Bogan (S)	56	135	1,220	1,410
Bombala	30	91	508	629
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)	146	268	96	510
Cabonne (S)	96	399	1,325	1,819
Camden	184	133	3	320
Campbelltown (C)	523	72	1	596
Canada Bay (C)	186	0	0	186
Canterbury (C)	313	0	0	313
Carrathool (S)	37	267	2,000	2,305
Central Darling (S)	39	21	1,542	1,602
Cessnock (C)	332	210	328	870
Clarence Valley *	n.a.	n.a.	n.a.	2,080
Cobar (S)	54	71	1,550	1,675

Local governing body	Urban local roads kms	Non-urban sealed local roads kms	Non-urban unsealed local roads kms	Total local kms*
Coffs Harbour (C) *	n.a.	n.a.	n.a.	698
Conargo (S)	5	510	769	1,284
Coolah (S)	50	261	660	970
Coolamon (S)	74	247	954	1,275
Cooma-Monaro *	n.a.	n.a.	n.a.	887
Coonabarabran (S)	64	181	1,014	1,259
Coonamble (S)	67	162	1,159	1,388
Cootamundra (S)	82	213	248	542
Corowa (S) *	n.a.	n.a.	n.a.	1,276
Cowra (S)	131	332	757	1,220
Deniliquin	89	28	40	157
Dubbo (C)	243	450	472	1,166
Dungog (S)	46	274	274	594
Eastern Capital City Regional *	n.a.	n.a.	n.a.	1,044
Eurobodalla (S)	288	165	451	904
Fairfield (C)	561	39	2	601
Forbes (S)	136	517	1,147	1,800
Gilgandra (S)	36	220	975	1,231
Glen Innes (M)	64	28	15	107
Gloucester (S)	27	130	475	632
Gosford (C)	870	96	75	1,040
Great Lakes	269	220	420	909
Greater Argyle *	n.a.	n.a.	n.a.	1,047
Greater Hume (S) *	n.a.	n.a.	n.a.	1,771
Greater Queanbeyan (C) *	n.a.	n.a.	n.a.	209
Greater Taree (C)	273	321	964	1,557
Griffith (C)	148	282	735	1,165
Gundagai (S)	35	235	414	684
Gunnedah (S) *	n.a.	n.a.	n.a.	1,342
Guyra (S)	53	264	548	864
Gwydir (S) *	n.a.	n.a.	n.a.	1,929
Harden (S)	67	413	418	899
Hastings	365	365	440	1,169
Hawkesbury (C)	208	415	263	887
Hay (S)	42	131	579	753
Holroyd (C)	313	0	0	313
Hornsby (S)	472	97	44	612
Hunters Hill (M)	61	0	0	61
Hurstville (C)	210	0	0	210
Inverell (S)	153	306	1,325	1,784
Jerilderie (S)	24	281	693	998
Junee (S)	67	426	327	820
Kempsey (S)	161	286	574	1,021
Kiama (M)	90	83	19	192
Kogarah (M)	169	0	0	169
Ku-ring-gai	441	0	0	441
Kyogle	50	200	840	1,091
Lachlan (S)	119	348	2,778	3,245
Lake Macquarie (C)	980	164	72	1,215
Lane Cove (M)	95	0	0	95
Leeton (S)	99	290	482	870
Leichhardt (M)	136	0	0	136
Lismore (C)	186	461	425	1,072
Lithgow (C) *	n.a.	n.a.	n.a.	764

SCHEDULE OF LOCAL ROAD LENGTHS

Local governing body	Urban local roads kms	Non-urban sealed local roads kms	Non-urban unsealed local roads kms	Total local kms*
Liverpool (C)	529	196	10	734
Liverpool Plains (S) *	n.a.	n.a.	n.a.	1,198
Lockhart (S)	94	348	1,041	1,483
Maitland (C)	319	193	44	556
Manly	103	0	0	103
Marrickville	190	0	0	190
Mid-Western Regional *	n.a.	n.a.	n.a.	1,994
Moree Plains (S)	165	443	2,031	2,638
Mosman (M)	85	0	0	85
Murray (S)	72	185	1,098	1,355
Murrumbidgee (S)	27	180	383	590
Muswellbrook (S)	93	383	109	585
Nambucca (S)	98	195	352	645
Narrabri (S)	134	238	1,733	2,105
Narrandera (S)	84	269	1,125	1,478
Narromine (S)	58	517	759	1,334
Newcastle (C)	711	19	1	730
North Sydney	143	0	0	143
Oberon *	n.a.	n.a.	n.a.	909
Orange (C)	191	138	51	380
Parkes (S)	148	350	1,275	1,773
Parramatta (C)	488	0	0	488
Penrith (C)	708	220	16	943
Pittwater	233	0	0	233
Port Stephens	289	211	65	565
Randwick (C)	271	0	0	271
Richmond Valley *	n.a.	n.a.	n.a.	1,022
Rockdale (C)	262	0	0	262
Ryde (C)	313	0	0	313
Severn (S)	31	205	747	983
Shellharbour (C)	274	28	11	312
Shoalhaven (C)	660	389	429	1,478
Singleton (S)	111	466	130	707
Snowy River (S)	55	237	437	730
Strathfield (M)	86	0	0	86
Sutherland Shire (S)	754	13	0	767
Sydney (C) *	294	0	0	294
Tamworth Regional *	n.a.	n.a.	n.a.	2,849
Temora (S)	72	254	809	1,134
Tenterfield (S)	91	212	1,167	1,469
Tumbarumba (S) *	38	145	288	471
Tumut *	n.a.	n.a.	n.a.	597
Tweed (S)	410	399	233	1,042
Upper Hunter (S) *	n.a.	n.a.	n.a.	1,407
Upper Lachlan *	n.a.	n.a.	n.a.	1,777
Uralla (S)	42	247	528	817
Urana (S)	50	194	637	881
Wagga Wagga (C)	456	472	1,061	1,988
Wakool (S)	36	304	933	1,273
Walcha	26	120	620	766
Walgett (S)	64	46	1,840	1,950
Warren (S)	28	287	641	956
Warringah	434	33	2	469
Waverley	113	0	0	113

Local governing body	Urban local roads kms	Non-urban sealed local roads kms	Non-urban unsealed local roads kms	Total local kms*
Weddin (S)	33	388	547	968
Wellington	97	256	892	1,245
Wentworth (S)	44	200	1,696	1,940
Willoughby (C)	202	0	0	202
Wingecarribee (S)	350	338	293	981
Wollondilly (S)	130	453	104	687
Wollongong (C)	804	75	8	886
Woollahra (M)	132	0	0	132
Wyong (S)	638	239	109	987
Yass Valley *	n.a.	n.a.	n.a.	989
Young (S)	108	223	726	1,057
Total	n.a.	n.a.	n.a.	143,635

Notes: Apparent discrepancies due to rounding off.

* As a result of council amalgamations and boundary changes that occurred during 2003–04 revised aggregate local road length estimates were provided to the Commission by the affected councils.

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. Mr Gibbs has been with the Department of Local Government since 1994, where he is the Director Performance Management and Compliance.

Councillor Kiril Jonovski – Member

Councillor Jonovski was born in the Republic of Macedonia where he obtained a Diploma of Mechanical Engineering at the Electrical and Mechanical Engineering Training Centre—Department for Engineering Technicians, Skopje. He is an accredited interpreter and is fully literate or has a good understanding of six languages.

Councillor Jonovski arrived in Australia April 1966. He worked in the Engineering Department at BHP Port Kembla from April 1966 to October 1999. He was union delegate for the AMWU and delegate to the District Committee of the AMWU. He was elected to the position of Secretary of the ALP Warrarong Branch in May 1998 and was re-elected, unopposed, in 1999, 2000, 2001, 2002, 2003, 2004.

Councillor Jonovski was first elected to Wollongong City Council in September 1999 and was re-elected in March 2004. He was elected as Deputy Lord Mayor in April 2004. He is Council delegate to the Illawarra Regional Advisory Council—Community Relations Commission for a Multicultural NSW. Kiril is also a Member of the Board of: the Lake Illawarra Authority; Tourism Wollongong; Illawarra Regional Information Service; and the Macedonian Welfare Association.

Mrs Heather Wilton — Member

Mrs Wilton was formerly Mayor on the former Holbrook Shire Council, being first elected to that council in 1999. Mrs Wilton was a delegate to the Riverina Eastern Regional Organisation of Councils and 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 2003–04

Council	Date Visited
Gosford City	3 July 2003
Hornsby Shire	3 July 2003
Cessnock City	4 July 2003
Copmanhurst Shire	11 September 2003
Maclean	11 September 2003
Grafton City	12 September 2003
Pristine Waters	12 September 2003
Bega Valley Shire	2 October 2003
Eurobodalla Shire	2 October 2003
Tallaganda Shire	3 October 2003
Coonabarabran Shire	13 November 2003
Narrabri Shire	13 November 2003
Coonamble Shire	14 November 2003
Gilgandra Shire	14 November 2003
Holroyd City	11 December 2003
Botany Bay	12 December 2003
Kogarah Municipal	12 December 2003
Auburn	11 March 2004
Parramatta City	11 March 2004
Marrickville	12 March 2004
Rockdale City	12 March 2004
Hurstville City	6 May 2004
Wingecarribee Shire	6 May 2004
Hastings	7 May 2004
Kempsey Shire	7 May 2004
Warren Shire	10 June 2004
Kyogle	11 June 2004
Lismore City	11 June 2004
Total Visits	28

Appendix 3: Standards used in calculation of expenditure allowances—2004–05

State average net expenditure, excluding extreme values, is based on councils' 2002–03 Financial Reports, Special Schedule 1.

1	Administration administration: corporate support; other support services; governance: governance	\$109.09
2	Aerodromes transport & communication: aerodromes	\$0.93
3	Aged Persons' Services community services & education: aged & disabled	\$1.36
4	Animal Control public order & safety: animal control	\$1.47
5	Cemeteries housing & community amenities: public cemeteries	\$0.34
6	Children's Services health: immunisation community services & education: family day care; child care; other families & children	\$1.95
7	Community Services community services & education: administration; education; migrant services; aboriginal services; other community amenities.	\$8.43
8	Cultural Facilities recreation & culture: museums; art galleries; public halls; other cultural services	\$8.96
9	Fire Control and Emergency Services public order & safety: fire protection; emergency services; statutory contributions to fire service levy	\$14.37
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	\$9.68
11	Libraries recreation & culture: public libraries	\$22.58

12	Noxious Plants and Pest Control (per non-urban property) health: noxious plants	\$69.27
13	Planning and Building Services housing & community amenities: town planning mining, manufacturing & construction: building control	\$15.58
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	\$59.02
15	Stormwater Drainage and Flood Control (per urban property) housing & community amenities: environmental protection; urban stormwater drainage	\$44.53
16	Street and Gutter Cleaning (per urban property) housing & community amenities: street cleaning	\$28.47
17	Street Lighting (per urban property) transport & communication: street lighting	\$21.85
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.	\$11,219.33
	(b) urban length (m) per urban properties.	11.8m
	(c) cost of maintenance of bridges and culverts per network km of roads.	\$77.13
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.	\$3,803.89
	(b) sealed rural length (m) per non-urban properties.	247.3m
	(c) cost of maintenance of bridges and culverts per network km of roads.	\$207.77
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.	\$1,348.56
	(b) urban length (m) per non-urban properties.	663.1m
	(c) cost of maintenance of bridges and culverts per network km of roads.	\$66.55

Note: 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.

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 it is considered 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:

$$A_c = N_c \times T_s \times (V_s - V_c)$$

where:

A_c = revenue allowance for the council.

N_c = number of properties (assessments).

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

V_s = standard value per property.

V_c = council's value per property.

The standard value per property (V_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:

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

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), 2001 Census, usual residents profile.
- Standard: 1.89%
- 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, 2002–03.
- Standard: 100
- Weighting: 0.75

Non-English Speaking Background

Recognises: additional costs of information provision.
Measure: proportion of population born in non-English speaking countries.
Source: ABS, 2001 Census, usual residents profile.
Standard: 15.72%
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 (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, 2002–03.
Standard: 1.07%
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, 2002–03.
Standard: 0.280
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 (1998–99 (est.) to 2001–02); ABS Regional Population Growth, Australia and New Zealand, 2002–03.
 Standard: 0.93
 Weighting: 1.0 (maximum DF of 1,290)

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 2002.
 Standard: 17.51%
 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.
 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.
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.
Standard: 2.42
Weighting: 0.015

Children's Services

One Parent Families

- Recognises: additional need for child care facilities.
Measure: proportion of families classified as "one parent family".
Source: ABS, 2001 Census of Population and Housing, selected social and housing characteristics for statistical local areas.
Standard: 15.47%
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.
Standard: 2.42
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 2002.
Standard: 6.50%
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, 2001 Census, usual residents profile.
 Standard: 1.89%
 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, 2001 Census, usual residents profile.
 Standard: 15.72%
 Weighting: 0.175
-

Occupation

- Recognises: additional council responsibility for community services in areas of low socio-economic status.
 Measure: proportion of the employed persons in lower socio-economic occupational groups.
 Source: ABS, 2001 Census, usual residents profile.
 Standard: 25.11%
 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.
 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 2002.

Standard: 13.55%

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, 2002–03; Special Schedule 1, 2002–03; Regional Population Growth, Australia and New Zealand, 2002–03.

Standard: 2.96

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 assessment.

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, 2001 Census, census counts for small areas.

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, 2002–03; Regional Population Growth, Australia and New Zealand, 2002–03.
 Standard: 0.052
 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, 2002–03; Regional Population Growth, Australia and New Zealand, 2002–03.
 Standard: 17.43
 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 (2002–03).
 Standard: 6.30
 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, 2002–03.

Standard: 5.67

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, 2001 Census, usual residents profile.

Standard: 15.72%

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.

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, 2002–03; Special Schedule 1, 2002–03.

Standard: 100

Weighting: 0.25

Vandalism and Crime

Recognises: additional costs associated with repairing damage to public property.

Measure: property damage crime incidents per capita.

Source: NSW Bureau of Crime Statistics and Research, 2003.

Standard: 1.42%

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 2002.
 Standard: 17.51%
 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, 2001 Census, usual residents profile.
 Standard: 15.72%
 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, 2002–03.
 Standard: 113.09
 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.
 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 2001 Census, usual residents profile.
 Standard: 20.79%
 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: $R = 22.10 + 2385.23a + 0.00091b$.

Source: Special Schedule 1, 2002–03; ABS, Regional Statistics 2003.

Standard: 40.56

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 24%, very high 18%, high 12%, above average 6%, average and below 0).

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

Standard: 1

Weighting: 0.06

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, 2001 Census, usual residents profile.

Standard: 15.72%

Weighting: 0.056

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, 2002–03 Rating Return.

Standard: 2.47

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.

Standard: 2.42

Weighting: 0.017

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, 2002–03.

Standard: 1.07%

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: Department of Infrastructure, Planning and Natural Resources.

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 2002.

Standard: 34.29%

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: Special Schedule 1, 2002–03.

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

Day Trippers

Recognises: additional costs related to the provision of facilities for one-off day visitors.

Measure: index in the range 100–105 determined by the Grants Commission.

Source: Grants Commission.

Standard: 100

Weighting: 1.0

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.

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, 2002–03; Special Schedule 1, 2002–03; Regional Population Growth, Australia and New Zealand, 2002–03.

Standard: 5.59

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.

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, 2002–03; ABS, Regional Population Growth, Australia and New Zealand, 2002–03.

Standard: 0.82

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, 2002–03.

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, 2002–03.

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, 2002–03.

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, 2002–03.

Standard: 6.44%

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, 2002–03.

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, 2002–03; Special Schedule 1, 1999–00—2002–03.

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: 2003–04 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-nine audits have taken place since 1992–93, four during 2003–04.

The audit program is likely to continue in 2004–05.

The Project

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

Summary of 2003–04 Audit Results

Four councils were audited during 2003–04.

Of the four councils audited three had overstated their overall length of local roads, one by as much as 21 km, while one had understated its overall local road length by 7 km.

Three of the four councils required adjustments to their originally reported bridge length data. One council had overstated its overall bridge length by 91 m, while two had understated their lengths by 19 m and 12 m, respectively.

Appendix 10: 2003 Information data returns

The Grants Commission would like to extend its sincere thanks to those councils that submitted their 2003 Information Data Returns by the required date.

148 Councils submitted their General Return by the due date.

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

160 Councils submitted their Roads and Bridges Return by the due date.

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

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 previously 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.