



NSW Local Government Grants Commission

Annual Report

2020-21



NSW LOCAL GOVERNMENT GRANTS COMMISSION

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Foreword

This report contains information on the key activities of the NSW Local Government Grants Commission (Commission) during 2020-21, including an update on the transition to refining the expenditure allowance following an extensive review of the Financial Assistance Grants (FAGs) allocation methodology. It also reports on the distribution of over \$792 million in grant entitlements paid to NSW to local governing bodies during 2020-21 as unconditional grants under the provisions of the Federal *Local Government (Financial Assistance) Act 1995*.

Firstly, I would like to take this opportunity to thank the outgoing Commissioners whose appointments expired late in 2020; the Hon. Jenny Gardiner as Chair and Commissioners Graeme Fleming, PSM, and Alan McCormack, PSM, for their efforts over several years. In particular, I would like to give recognition to their significant contributions to the grants allocation methodology review and taking steps to improve the model.

I also warmly welcome current Commissioners Aileen MacDonald OAM and Bruce Notley Smith who were appointed to the Commission March/April 2021. They bring to the Commission broad experience and knowledge of government and rural communities.

The Commission is pleased to advise that, in 2020-21, the estimated FAG entitlement for NSW increased by over \$7.7million on the 2019-20 final entitlement. However, this increase is modest compared to prior years when generally the increase has been around 4%. This is the fourth year of increases in the overall pool since the Federal Government resumed indexation in its 2017-18 budget following three years of the Federal Government's paused indexation of the FAGs budget.

The Federal Government brought forward payment of approximately half of the 2020-21 grant allocation, making the advance payment on 8 June 2020. The advance payment was based on councils' 2019-20 grant, plus early estimates for indexation. This early payment was consistent with prior years' practice and it broadly balanced out when the Federal Government again made an advance payment of half of the 2021-22 grant in the 2020-21 financial year. Therefore, councils' overall financial reporting was not skewed by the forward payment.

Over time, the Commission has continued to identify opportunities to shift grants to councils with the greatest relative need. This is consistent with recommendations made by the Independent Local Government Reform Panel in 2012 and with NSW Government policy to target grants towards communities with the greatest relative need.

In 2016, the Commission began the process to review the FAGs allocation methodology. The Office of Local Government (OLG) appointed an independent Consultant to develop a modernised funding model that was consistent with recommendations from various reviews. The model designed enabled more funds to be allocated to those NSW local councils with the greatest relative need, while also remaining consistent with the constraints imposed by the national principles. The model, now adopted, retained the basic methodology but consolidated and streamlined the expenditure allowance within the general purpose grants. The Commission tested, consulted and deliberated on the refinements to the model and, in 2018-19, began the transition towards full implementation of the revised methodology.

During 2020-21, the Commission decided to retain the lower limit (floor) of 0% transitional protection implemented in 2018-19, to minimise the impact of any redistribution of funds. Movements in the general purpose grant have a floor of 0% and upper limit (ceiling) of +5% on the previous year's grant. Therefore, no council received a lower general purpose grant than the previous year. However, the Commission has been open about ultimately resuming the floor to its original, accepted level of -5%. To this end, the Commission continues to engage with the sector, particularly with councils likely to be impacted by the reintroduction of a negative floor in the general purpose grant.

The Commission recognises that the biggest impediment to distributing a fair proportion of the general purpose grants to councils with the greatest relative need is the per capita minimum payment (stipulated in the Federal legislation) and the impact of population decline in many rural and remote areas. Despite this, the Commission is pleased that its ongoing efforts have resulted in further recognition for relatively disadvantaged rural and remote councils, which are often those with the least capacity to raise revenue, with those councils receiving steady increases in recent years.

This year the Commission held four meetings with individual councils across the state and one webinar with fifteen per capita minimum grant councils attending. Several councils chose not to make the face to face meetings with the Commission open to the public. The ability of the Commission to visit councils remains restricted by the Covid-19 pandemic. Over recent years we have met with councils in larger forums to reach a broader audience and receive sector feedback. The Commission values and appreciates the opportunity to meet with councils, to hear directly from them and to explain the Commission's approach to the assessment of FAGs. The Commission extends a sincere thank you for the co-operation, assistance and hospitality extended by those councils during the visits.

In other news, the Commission is making preparations to host the 2021 National Conference of Local Government Grants Commissions to be held in October. This is a biennial event which is hosted on a rotational basis by each Commission. The last time NSW hosted the Conference was in 2007. It is now anticipated that the Conference will be held 'virtually' for the first time. It is a rare opportunity for all the Grants Commissions to come together, exchange local experience and knowledge and workshop challenging issues.

The Commission continues to remind councils that the grants to individual councils will fluctuate as it makes its annual assessments based on a calculation of relative need. While indexation has recommenced, it is at a markedly reduced level. The Commission strongly urges all councils to exercise extreme caution with their FAGs budget forecasts. Among other factors, the full financial impact of the COVID-19 pandemic is yet to be realised, including on the future level of indexation applied to the FAGs. Just prior to the pandemic, the world economy was at its slowest growth rate since the global financial crisis (International Monetary Fund 2019). This gives reason for concern about the ongoing, overall level of the FAGs.

The Commission acknowledges the efforts of, and thanks those councils that submitted their information data returns by the required date in 2019 for the 2020-21 grant calculations. The Commission reminds all Councils of the paramount importance of submitting data collection returns by the prescribed closing date, allowing for the allocation and distribution process to provide equitably for all.

In conclusion, may I recognise and thank Commission Deputy Chair, Grant Gleeson for his ongoing wisdom and guidance and Executive Officer, OLG Helen Pearce for her dedication and professionalism to the role and purpose of the NSW Grants Commission.

Allan Baptist OAM

Chair

2021

About NSW Local Government Grants and the Commission

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

In NSW, the primary function of the NSW Local Government Grants Commission (Commission) is to make recommendations for the allocation of the FAGs to the NSW Minister for Local Government. If adopted by the Minister, the recommendations are referred to the Federal Minister for Local Government for final approval, and subsequent payment.

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

Principal Legislation

The Commission operates under two sets of legislation: the Federal *Local Government (Financial Assistance) Act 1995* and the NSW *Local Government Act 1993*.

While the Commission is constituted under the NSW Act, it is the Federal Act that gives the context for the allocation program.

Membership

The Commission consists of four members appointed for terms of up to five years, consisting of:

- three members nominated by the Minister, one of whom is the chair
- the deputy chair, who is an officer of the NSW Office of Local Government (OLG)

Of the members, at least two must be or have been associated with local government in NSW. The members of the Commission are eligible for reappointment.

The members of the Commission are all part-time. The Deputy Chair is also a full-time officer of the OLG as Director of the Legal Team.

From 1 July 2020 to 31 October 2020, the members were:

- The Hon Jennifer Gardiner, B. Bus, Chair
- Mr Grant Gleeson, Deputy Chair
- Mr Alan McCormack, PSM, Commissioner
- Mr Graeme Fleming, PSM, Commissioner

The Deputy Chair was reappointed, and new members were appointed as follows:

- Mr Allan Baptist OAM, Chair; (appointed 17 March 2021 to 16 March 2022)
- Mr Grant Gleeson, Deputy Chair; OLG, (re-appointed 16 December 2020 to 15 December 2021)
- Mr Bruce Notley-Smith, Member; (appointed 17 March 2021 to 16 March 2022); and
- Ms Aileen MacDonald OAM, Member, (appointed 28 April 2021 to 27 April 2022)

Member profiles for the current members are included in Appendix 1 of this report.

Staff

The Commission's staff consists of one full-time officer of the OLG:

- Helen Pearce, Executive Officer

One fulltime officer on temporary assignment with the OLG:

- Joanne Washbourne, Conference Coordinator

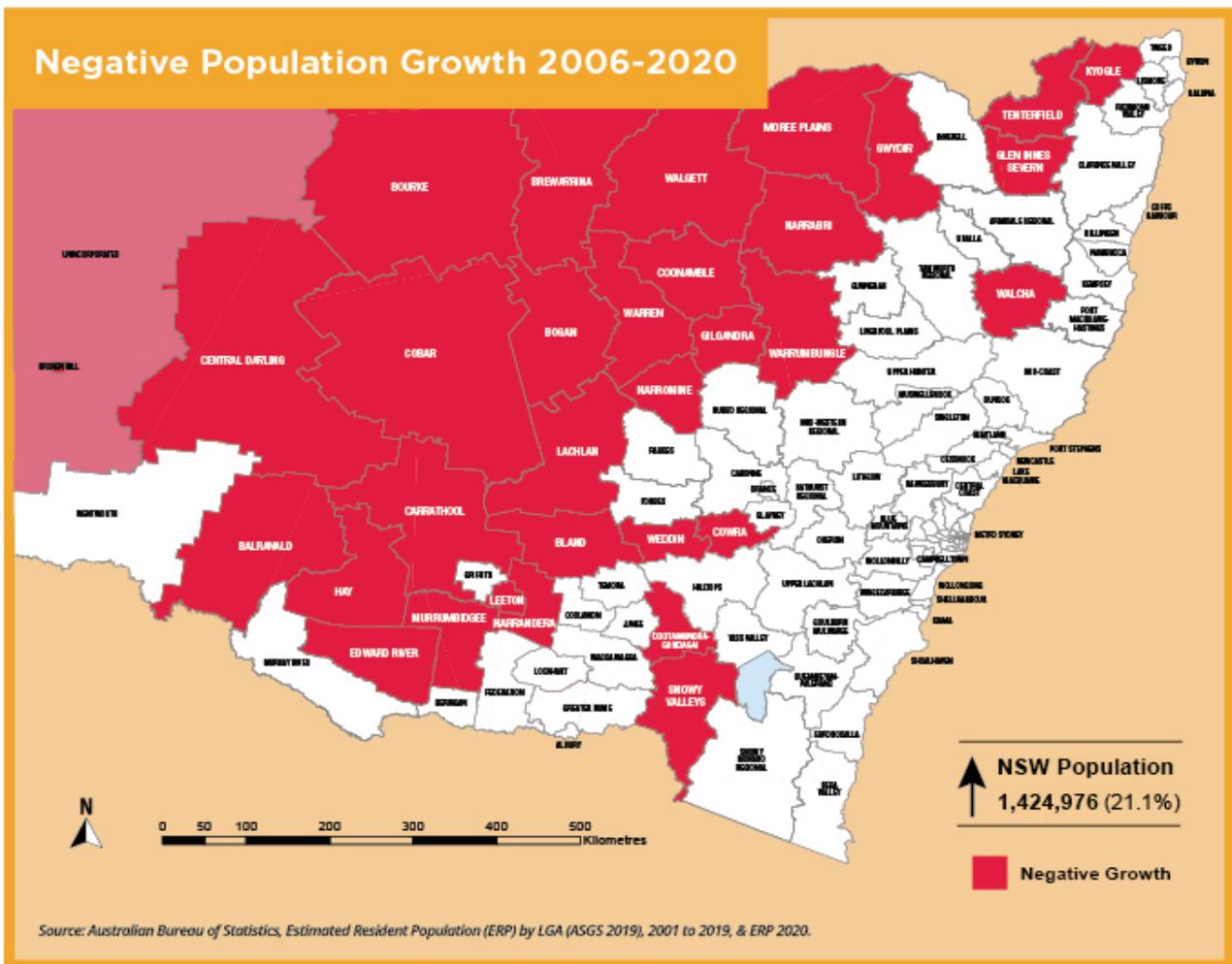
2020-21 Achievements

Reviews – Refinements - Transition

The Commission has been reporting on the financial assistance grant allocation methodology review since 2012. The Productivity Commission and the Independent Local Government Review Panel found there is an increasing inequity between sparsely populated more remote and rural areas and metropolitan, more densely populated areas. Generally, remote councils have greater relative need, due to inherent factors, which is being compounded by depopulation.

In NSW, a shift in population has been trending from the west of the divide toward the eastern seaboard. This has resulted in long term population decline in many rural and remote council areas. Therefore, such councils have a diminishing capacity to raise revenue, while retaining responsibility for infrastructure and services, often including large local road networks in the area. They are also vulnerable to the impacts of drought, flood and bushfire, further disadvantages which all amount to a greater relative disadvantage, or need, due to factors beyond those councils’ control.

The map below illustrates the local government areas that have experienced long term population decline. However, this must also be considered in the context of NSW’s overall increase in population in the same period of over 21% (over 1.4 million people).



This trend (councils with growing relative need) was recognised by the Independent Local Government Review Panel (Panel). In 2013, the Panel recommended targeting the grants to such communities, within the constraints imposed by the national funding principles, adding that a transitional period should apply to minimise the impact of any redistribution. The NSW Government supported this recommendation and a major review of the financial assistance grant methodology followed.

In January 2016, OLG engaged an independent consultant (Consultant) to review the existing funding model, in order to simplify and streamline the model and to allocate a higher proportion of the grants to councils that have the greatest relative need.

Methodologies from other states and the approach undertaken by the Federal Grants Commission were also evaluated during the review. The Consultant tested the materiality of the factors in the existing allocation model using five years of council data and supplementary data from various other sources including, for example, the Australian Bureau of Statistics. The aim of the tests was to determine which factors were real drivers of costs for councils, based on robust statistical techniques. The review found that the Commission and councils had been expending considerable effort to recognise what often resulted in a relatively insignificant allocation in the final grant outcome.

Later in 2016, the Consultant made its final recommendations. It recommended that the Commission adopt the materiality approach, to ensure the most significant cost drivers would be taken into account. The Consultant revised the existing model to enable it to deliver on the prerequisites. The revised model:

- based on genuine cost drivers, allocates a higher proportion of grant funding to councils with the greatest relative need
- is consistent with the national principles
- is consistent with NSW Government FAGs allocation policy
- is robust, statistically verifiable and auditable
- uses best practice financial modelling principles
- is transparent and publishable

Essentially, the basic methodology didn't need to change. The Consultant recommended retaining the Direct Assessment approach of the existing model, retaining the local roads component model and also most of the general purpose component.

Until then, the Commission had been working with a general purpose component with an expenditure allowance comprising 20 functions and 47 disability factors applied to 128 councils. By 2014-15 there were also 234 occurrences of councils receiving at least one additional discretionary disability factor. While those additional allowances were reduced to 98 by 2016-17, the effect of increasing the functions and disability factors over time had reduced the significance of each factor, resulting in a complex and granular model.

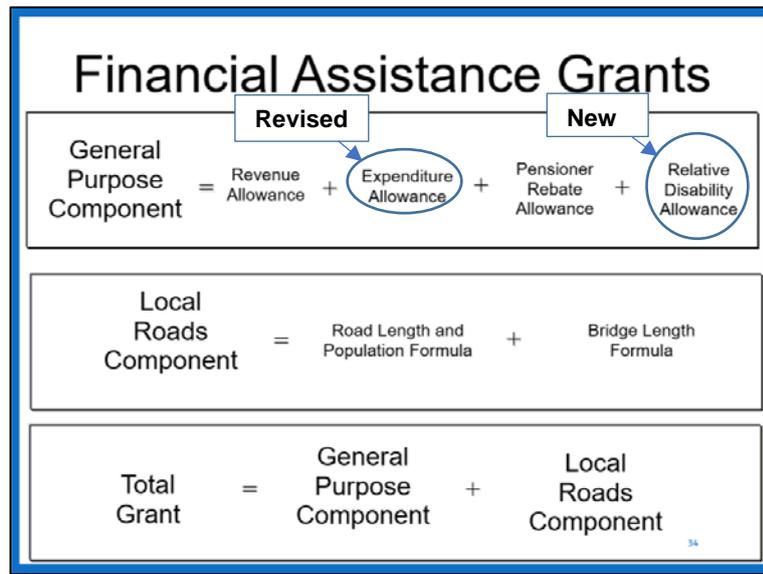
The Consultant recommended retaining the following allowances in the general purpose component:

- the revenue allowance, based on rateable value across two land use categories (urban and non-urban)
- the isolation allowance

- the pensioner rebate allowance
- the stormwater drainage allowance
- the local road maintenance allowance

To improve the model, however, the Consultant recommended streamlining and simplifying the expenditure allowance of the general purpose component allocation by consolidating the expenditure functions and disability factors.

This diagram shows where the FAGS model changes are occurring.



In 2017-18, the Commission continued to review and test the revised model, in consultation with the Consultant and the sector, prior to commencing the transition. Councils were consulted through meetings, council circulars, letters to councils, fact sheets and some also through telephone calls. As a result of its ongoing review and consultation, the Commission also decided to include an allowance for councils with the greatest relative need to the model, the relative disability allowance.

The Commission commenced transitioning to the proposed model, to calculate and distribute grants to NSW councils, in the 2018-19 financial year. As recommended by the Panel, a transition period was applied to ensure councils retained some stability through the implementation process. The transition period has been extended to 2020-21 for continued grant stability, and to allow further consultation with councils prior to the full implementation of the revised model. Further details about consolidating the expenditure allowance and the relative disability allowance are provided in the general purpose component section of this report.

Transport for NSW - Road Classification Review & Regional Road Transfer 2020

In late 2019, an Independent Panel was appointed to undertake the Transport for NSW (TfNSW) road classification review and approach to the transfer of up to 15,000km of regional roads.

In February 2020, the Commission had a preliminary meeting with TfNSW. Among other matters, the potential financial impact of road re-classification on the FAGs was discussed. The Independent Panel also met with the Commission’s Executive Officer in May, at which time the Independent Panel was still consulting with stakeholders.

As for increases and decreases in lengths of local roads, potentially the main impact would be on the local roads component of the FAGs. However, the amount of the total Federal local roads component pool is not affected by State road reviews. Therefore, if the State's length of local roads were to reduce, for example, the amount paid to councils per km of local road from the local roads pool would increase. It is the relative differences between councils' local road length, bridges on local roads and population that drive the grant outcomes (see the local road component section for further details).

The Commission will be following the review process closely, including any recommendations. The Independent Panel plans to deliver its final recommendations to the NSW Government in 2021.

National Forums of Grants Commissions

National Forums are hosted by each state and the Northern Territory on a rotational basis. In 2013 a decision was made by all the grants commissions to hold the national forum of grants commissions every second year rather than annually to keep operational costs down. As a result, no national forum was held during 2020-21.

It is NSW's turn to host the next national conference on 7–8 October 2021. The forums are attended by grants commissions' executive officers and commissioners from other states and territories and the Australian Government. It provides the opportunity to discuss issues common to all jurisdictions and to share approaches to various challenges.

Hearings

The Commission is required to hold public hearings, enabling local authorities and their associations to make submissions concerning grant recommendations.

The Commission usually aims to meet with all councils over a four to five year cycle. However, the Covid-19 pandemic continues to limit the ability of the Commission to visit councils and to hold public hearings. As such, the Commission been exploring other options to deliver on council meetings which comply with current and future potential social distancing and travel restrictions imposed in NSW due to the pandemic.

Despite these restrictions, on 22 June 2021, the Commission held its first virtual meeting tailored to councils on the general purpose per capita minimum grant. Of the eighteen minimum grant councils, fifteen councils attended with representatives from Shore Regional Organisation of Councils, Northern Sydney Regional Organisation of Councils and Southern Sydney Regional Organisation of Councils:

- Bayside Council
- Burwood Council
- City Council of Canada Bay
- Council of the City of Ryde
- Council of the City of Sydney
- Inner West Council
- Ku-ring-gai Council
- North Sydney Council
- Northern Beaches Council
- Randwick City Council
- Strathfield Municipal Council
- Sutherland Shire Council
- The Council of the Shire of Hornsby
- The Hills Shire Council

The Commission also visited and presented to four councils individually between 1 July 2020 to 30 June 2021, including:

- Wollongong City Council
- Shellharbour City Council
- The Council of the Municipality of Kiama
- Shoalhaven City Council



Nowra Bridge, Shoalhaven.

The meetings provide a forum for the Commission to explain the grant process and, more importantly, provide councils with an opportunity to meet with the Commission, ask specific questions about the grant process, the revised model, and present their particular challenges.

The good working relationship that exists between the Commission and local councils in NSW is also an important aspect of the consultative approach taken by the Commission. The Commission has received very positive feedback particularly about the presentation at council meetings. This is consistently evident from responses provided in the evaluation forms, which people complete after attending council public hearings with the Commission.

Annual Data Collection Returns

Councils are required to complete two annual data collection returns of information specifically required by the Commission. The distribution of the returns was staggered over two months (September - October) to ease the burden on councils. The surveys are the return of general information and the return of information for local roads and bridges on local roads. Also, councils' financial data returns (general information tab and net cost of services tab) contain essential information for the revenue allowance and the expenditure allowance.

The accuracy and timely lodgement of the returns is extremely important, as the information supplied is used in the calculation of the annual grant allocations. Late lodgement, or the failure to lodge the returns by councils causes delays in processing the data and creates complications in formulating the grants.

2020-21 Payments

During 2020-21, NSW councils received total cash payments of \$792,486,494 in federally funded financial assistance grants. The payments made to councils in 2020-21 comprised:

- \$382,696,565 for the remaining half of the 2020-21 grant (after half was paid in advance on 8 June 2020); and
- \$409,789,929 as an advance amount of approximately half the 2021-22 grant, paid to councils on 14 June 2021.

The next table shows when the quarterly FAG instalments for 2020-21 and advance FAG payment for 2021-22 were paid to councils during 2020-21.

Date	Description	\$ Payment
18 August 2020	Quarterly instalment	95,674,141
17 November 2020	Quarterly instalment	95,674,141
16 February 2021	Quarterly instalment	95,674,141
18 May 2021	Quarterly instalment	95,674,142
14 June 2021	Advance amount of half the 2021-22 grant	409,789,929
	Total Payments 2020-21	792,486,494

2020-21 Grant Outcomes

Total allocation of funds

The total estimated national entitlement for 2020-21 is \$2.560 billion. This is made up of a general purpose component of \$1.773 billion and a local roads component of \$787 million.

The general purpose component is distributed on a basis that takes into account each state's share of the national population. NSW receives \$566 million, or 31.89% of the national pool.

The local roads component is distributed on the basis of fixed shares of the national pool. For NSW, it amounts to \$228 million, or 29.01% of the national funds.

The Federal Act provides for two funding pools:

1. **General Purpose Component**
2. **Local Roads Component**



The total grant is "untied"

The cash payment made to councils is based on the Federal Government's estimated entitlement for a year, plus or minus adjustments for under or overpayments in the previous year. In 2020-21, the adjustment was a decrease of almost \$1.7 million to NSW's grant for 2019-20 final entitlement, primarily due to the overestimation of CPI. The Commission remains concerned about the potential future impacts a global recession

could have on the financial assistance grants and routinely reminds councils to err on the side of caution when preparing budget forecasts.

The total grant funds are passed on to councils, with the Commission's operating costs being met by the NSW State Government.

In NSW, as at 30 June 2021, there were 128 general purpose councils, as well as the Lord Howe Island Board, and the Village Committees of Silverton and Tibooburra, that each receive grant funding.

The 2020-21, estimated entitlements for NSW, compared to the 2019-20 final entitlements, are:

Component	2019-20 Final Entitlement	2019-20 Share of National Allocation	2020-21 Estimated Entitlement	2020-21 Share of National Allocation	% Change
General Purpose	560,313,297	31.96%	565,441,249	31.89%	0.9%
Local Roads	225,718,529	29.01%	228,278,935	29.01%	1.1%
Total	786,031,826	31.05%	793,720,184	31.00%	1.0%

The following table shows the overall percentage changes to 2020-21 grant allocations to councils, in comparison to the previous year allocation:

% change in grant	General Purpose Component - No. of Councils	Local Roads Component - No. of Councils	Total Grant - No. of Councils
<0%	0	8	6
0% to 2.5%	111	109	111
>2.5% to 5%	15	10	13
>5% to 7.5%	4	1	1
>7.5%	1	0	0
*Total	131	*128	131

* The local roads component excludes Lord Howe Island Board and the Silverton and Tibooburra Village Committees

Of the 131 local governing bodies, which includes 128 general purpose councils, the Lord Howe Island Board and the Silverton and Tibooburra Village Committees, five councils received a decreased total grant due to reductions in the local roads component.

In 2020-21, just three councils, Brewarrina Shire, Bourke Shire and Central Darling Shire, received increases greater than \$200,000 in their overall grant, compared to 77 councils in 2019-20. This variation is mainly due to the declining level of CPI. Nineteen councils received increases greater than \$100,000. Included were the City of Sydney and The Hills councils, each receiving above the state average increases and which were on the per capita minimum. The Commission is constrained by the per capita minimum grant which is enshrined in the national principles. Sometimes, by applying the principle, it results in high growth, wealthy, more advantaged councils with greater revenue raising capacity and economies of scale, receiving a larger increase or higher rate of increase in their general purpose grant than councils with greater relative need. Below is a list of councils receiving a total grant greater than \$100,000.

LGA	GPC \$ Per Capita	TOTAL \$ Increase	LGA	GPC \$ Per Capita	TOTAL \$ Increase
Brewarrina (S)	1,955.04	143,824	Cobar (S)	929.11	143,824
Bourke (S)	1,706.87	141,703	Bogan (S)	1,134.72	141,703
Central Darling (S)	2,372.17	139,488	Hay (S)	816.11	139,488
Lachlan (S)	1,006.66	136,736	Sydney (C)	20.97	136,736
Carrathool (S)	1,403.80	120,920	Murrumbidgee	776.14	120,920
Walgett (S)	796.90	120,732	Coolamon (S)	587.73	120,732
Hills (S)*	20.97	118,935	Warrumbungle (S)	524.14	118,935
Balranald (S)	1,291.47	117,162	Coonamble (S)	711.78	117,162
Bland (S)	820.66	102,772	Gwydir (S)	544.05	102,772
Moree Plains (S)	388.41	143,824			

Nil councils received decreases in their overall grant in 2019-20, however in years prior to the transition, around 10 or so councils received reduced general purpose grants due to the horizontal fiscal equalisation national principle.

Key	
City	(C)
Municipality	(M)
Shire	(S)
Per capita minimum	*

The ten council areas receiving the greatest percentage increases in their overall grant in 2020-21, including two *per capita minimum grant councils, are:

LGA	% change	LGA	% change
Brewarrina (S)	5.9%	Bogan (S)	3.3%
Hay (S)	4.5%	Strathfield (M)*	3.3%
Central Darling (S)	4.1%	Coolamon (S)	3.2%
Bourke (S))	4.0%	Carrathool (S)	3.1%
Balranald (S)	3.8%	Hills (S)*	3.1%

General Purpose Component - Overview

The overall approach used to determine the general purpose component of the grant has not changed since last year. The Commission attempts to equalise (horizontal fiscal equalisation) the financial capacity of councils. The methodology considers cost disabilities in the provision of services on the one hand (expenditure allowances) and revenue raising capacity on the other (revenue allowances). This approach is objective and excludes, as far as practicable, councils' policies and practices (effort neutral).

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

In 2020-21, the NSW estimated entitlement was \$587,067,016, which equates to almost 32% share of the national general purpose allocation and an increase of \$5,127,952 on the previous year's final allocation. The State's share of the national allocation has slightly decreased by -0.07% from 2019-20, as a result of NSW's relative decrease in its share of the national population.

2013-14	% change	20	% change
Brewarrina (S)	5.9%	Bogan (S)	3.3%
Hay (S)	4.5%	Strathfield (M)*	3.3%
Central Darling (S)	4.1%	Coolamon (S)	3.2%
Bourke (S))	4.0%	Carrathool (S)	3.1%
Balranald (S)	3.8%	Hills (S)*	3.1%

In 2020-21, 74% of the grants went to non-metropolitan areas, which account for 34% of the State's population. The metropolitan area (the Greater Sydney Statistical Area) received the remaining 26% of the grant allocation. On comparing this with shares pre paused indexation, in 2013-14, non-metropolitan areas received 72%, or 2% less of the state's grant funding while, at the same time, having 36%, or a 2% greater share of the population. These changes in the shares of funding demonstrates the grants are achieving the Commission's aim to be better distribute the funds to councils with greater relative need.

On average, non-metropolitan councils received an increase of 1.1% in their general purpose component grants. The overall average increase for metropolitan councils was 0.4%. This broadly demonstrates that the Commission is achieving its goal of allocating funding according to greatest relative need.

Capping +5% to -0%

In an effort to maintain stability in grant outcomes, the Commission has adopted a 0% lower limit (floor) and +5% upper limit (ceiling) to variations in the general purpose component of the grant, from the previous year for individual council grant outcomes. The floor and ceiling have been adjusted for the transition so that councils can plan for changes that may impact grant outcomes when the revised model is fully implemented.

In the years prior to the transition, the floor was -5% and the ceiling was 5-10%. This limit recognises those councils that are most disadvantaged on the one hand and, on the other hand, is fair, reasonable and manageable for those councils that have reductions. In 2017-18, nine councils had entitlements below 0% and were likely to continue on that trajectory but are currently being protected against the negative floor during the transition. This is not sustainable in the long term as those councils are essentially being supported by councils with greater disadvantage. However, while limits are applied, there is a new allowance that falls outside of the 5% ceiling: viz the relative disability allowance.

Five councils' grants increased above 5% in the general purpose component: Brewarrina (S), Hay (S), Central Darling (S), Bourke (S) and Balranald (S) ranging from 8.1% down to 5.1%. Twenty two councils were protected by the -0% floor arrangement (up from nine in 2019-20 due to the low CPI and does not include any per capita minimum grant councils) as follows:

General purpose component councils protected by the 0% floor	
Campbelltown (C)	Canterbury-Bankstown
Penrith (C)	Mosman (M)
Blacktown (C)	Hunters Hill (M)
Fairfield (C)	Waverley
Blue Mountains (C)	Newcastle (C)
Parramatta (C) (new)	Lake Macquarie (C)
Liverpool (C)	Shellharbour (C)
Cumberland	Wollondilly (S)
Central Coast	Shoalhaven (C)
Camden	Maitland (C)
Wollongong (C)	Hawkesbury (C)

Relative Disability Allowance

After calculating the minimum per capita grant for the year, but before the grants are calculated, a proportion of the annual CPI increase is quarantined from the total grant for the relative disability allowance. In 2019-20, the Commission quarantined \$5m which represents 0.89% of the total general purpose grant pool, and applied it after the rest of the general purpose grants had been calculated. Therefore, the allowance was not impacted by any adjustments, including scaling to the available federal funds, for the per capita minimum grant and the application of the 5% ceiling and 0% floor on the prior year's general purpose grant.

Due to the low level of CPI increase in 2020-21, it was necessary to reduce the relative disability allowance to \$4.5m, which represents 88% of the CPI increase and 0.8% of the total GPC pool: \$1.5m of the CPI increase was distributed to councils based on an isolation allowance, which assists councils with the greatest distance from Sydney and the nearest regional centre. The remaining \$3 million was apportioned between councils for length of non-urban (unsealed) local roads and population decline.

Five councils eligible for the relative disability allowance were already on or close to the 5% ceiling, so their grant exceeded the 5% ceiling.

Per Capita Minimum

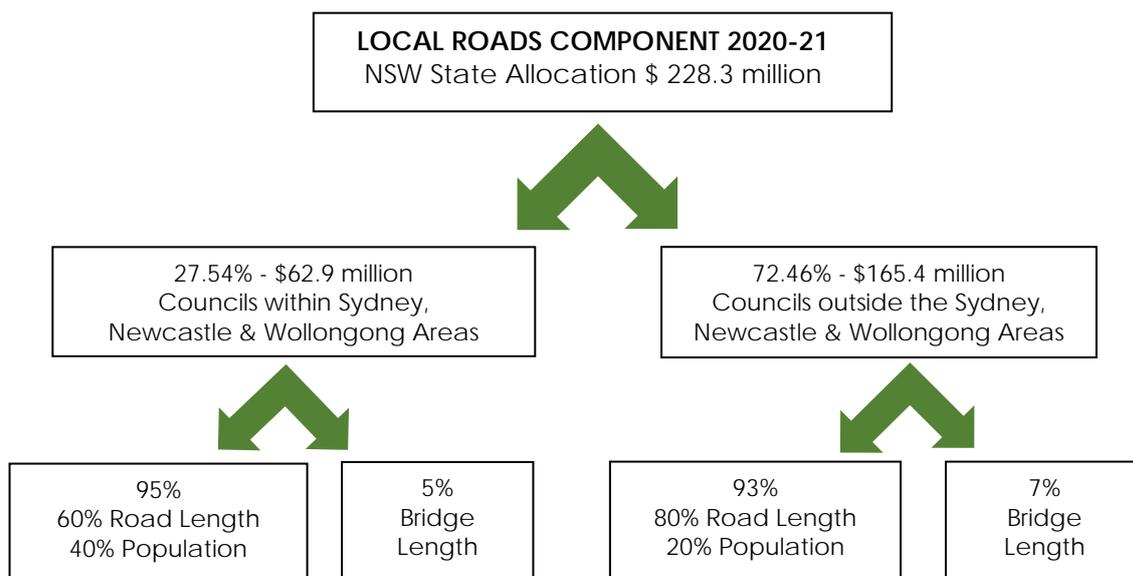
The Federal Act specifies that all councils are entitled to a per capita minimum grant, based on 30% of the general purpose component. In 2020-21, eighteen councils, all located in the Sydney metropolitan area, received the "safety net" minimum entitlement of \$20.97. This is slightly less than \$21.09 per capita in 2019-20 due to the state's population increasing at a greater rate than the pool of funds. The minimum grant councils are:

Councils on the minimum per capita grant		
Bayside	Inner West	Ryde (C)
Burwood	Ku-ring-gai	Strathfield (M)
Canada Bay (C)	Lane Cove (M)	Sutherland (S)
Georges River	North Sydney	Sydney (C)
Hills (S)	Northern Beaches	Willoughby (C)
Hornsby (S)	Randwick (C)	Woollahra (M)

2020-21 Local Road Component

The local roads component is calculated according to principles agreed to with local government and is consistent with the national principles. The formula, originally developed by the then Roads and Traffic Authority, is based on each council's proportion of local road and bridge length, as well as resident population numbers. Therefore, annual variations in grant outcomes are the direct result of changes in ABS population estimates or changes in the length of local roads and bridges, as reported by councils.

New South Wales receives a fixed 29% share of the national local roads allocation. The 2020-21 estimated entitlement is \$228,278,935, an increase of \$2,560,406 (1.1%), on last year's final entitlement.



Of the State’s \$228.3 million allocation, \$213.6 million is distributed on the basis of councils’ local road length and population, and \$14.7 million is distributed on the basis of the length of bridges on local roads.

In 20-21 119 councils received an increased local roads component. The largest percentage increase in the LRC was Coolamon (6.0%), due to upward corrections to its roads data as a result of improved roads identification technology, followed by Hornsby (4.4%) due to upward corrections to its major culverts data as the result of a detailed inventory. Camden increased (4.1%) due to an increase in population and the creation of new local roads, bridges and major culverts in new suburbs and Kiama increased (4.1%) due to an upward correction to its bridges and major culverts data.

Nine councils received a decrease in the local roads component. Four councils saw a decrease of less than 1% (resulting from downward corrections to council data, the replacement of bridges with pipes and a reduction in population). The five largest decreases were all as a result of downward corrections made by those councils to their local roads and bridges data, as identified in audits conducted by those councils. The largest percentage decrease was Hunters Hill (10.2%) followed by Murray River (3.7%), Newcastle (2.8%), Kempsey (2.4%) and Georges River (1.6%).

Although the local roads component is separately identified, it forms part of the total financial assistance grants, which are untied. This means that councils are not required to spend the local roads component on local roads and it is up to individual councils to decide how the funds should be spent.

The Commission publishes local road and bridge length data on the OLG website at www.olg.nsw.gov.au. The data can be found by following the “Commissions and Tribunals” links.

How Financial Assistance Grants Operate

Grant entitlements

Financial assistance grants are provided to local governing bodies (councils), defined in section 4(2) of the Federal 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.”

National principles for the allocation of general purpose grants

The national principles relating to the allocation of general purpose grants payable, under section 9 of the *Local Government (Financial Assistance) Act 1995*, are as follows:

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 Federal Act. This is a basis that ensures each local governing body in the State or 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 or Territory. 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.

Effort Neutrality

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

Minimum Grant

The minimum general purpose grant allocation for a local governing body in a year will not be 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 or Territory is entitled, under section 9 of the Federal Act, in respect of the year were allocated among local governing bodies in the State or Territory, on a per capita basis.

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.

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.

Council Amalgamation

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

National principles for the allocation of local road grants

The national principle relating to the allocation of the amounts payable under section 12 of the Federal Act (the identified road component of the financial assistance grants) among local governing bodies is as follows:

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 in grant calculations include length, type and usage of roads in each local governing area.

Considerations in grant calculations

The following are some further considerations of the Commission in determining the expenditure functions and the revenue raising capacity of councils.

General Purpose Component - 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. Expenditure allowances attempt to compensate councils for the extent of their relative disadvantage resulting from issues that are beyond their control.

The table below sets out the six most significant council functions. Sitting beneath those functions are the expenditure items, as reported to OLG by councils in their annual financial data returns. To streamline the complex and expanding expenditure allowance, and following an analysis by the Consultant, the 20 existing functions were consolidated in to six functions. All pre-existing expenditure items were retained and regrouped accordingly (based on significance testing).

Council Functions and Expenditure Items

Recreation & cultural	Administration & governance	Community amenity	Community services & education	Roads, bridges & footpaths	Public order, safety, health & other
Museums	Administration	Public Cemeteries	Administration & Education	Aerodromes	Animal Containment
Art Galleries	Governance	Public Toilets	Children's Services	Urban Roads Local	Fire Service Levy
Community, Centres & Halls		Town Planning	Aged & Disabled	Sealed Rural Roads Local	Noxious Plants & Insects
Performing Arts Venues		Street Lighting	Social Protection	Unsealed Rural Roads Local	Environment Protection
Other Sport & Recreation				Bridges on Urban Roads Local	Stormwater Management
Other Performing Arts				Bridges on Sealed Rural Roads Local	Urban Storm Drainage
Public Libraries				Bridges on Unsealed Rural Roads Local	Other
Swimming Pools				Footpaths	Health
Sporting Grounds				Parking Areas	Enforcement of Regulations
Parks & Gardens					Beach Control
					Building Control
					Street Cleaning

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

The general formula for the calculation of expenditure allowances, which has not changed, is:

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

No. of units is the measure of use of the function for the council. The number of units is the population.

The state standard cost is calculated using the five year average, gross expenditure for each function. Divided by the state's population, this gives a state average cost per capita for providing each function. This removes the impact of any individual policy decisions by councils. The state standard costs per capita for each function calculated for 2020-21 is shown in the following table.

Expenditure Function	State Standard \$/capita
Recreational & cultural	214.66
Admin & governance	254.03
Education & community	63.34
Roads, bridges, footpaths & aerodromes	204.07
Public order, health, safety & other	163.68
Housing amenity	71.25

The disability factor 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.

Disability factors

A disability factor is the Commission's estimate of the additional cost of providing a standard service, expressed as a percentage. The additional cost must be due to issues that are beyond a council's control. The measures used are the most significant costs to councils across the state. The factors the Commission is transitioning to now can give better recognition to the most significant costs to councils by not drawing funds away for less significant factors.

For example, cemeteries have no additional cost significance to the state but was included as a disability factor. With a notional state total allowance of almost \$26,000 in 2017-18, the allowance was then scaled back to the available funds, to just \$9,000, then was subject to further scaling for the per capital minimum grant and application of the floor and ceiling. The Commission acknowledges there are costs associated with cemeteries and some other council services but that they are also not significant cost drivers. Inclusion and expansion of less significant factors over time created a granular model which has been drawing funds away from the most significant costs to councils.

Below is a list of the most significant costs to councils and forms the basis for the disability factors:

- population (ABS - size)
- Aboriginal & Torres Strait Islanders Population (ABS - %)
- local road length (council - km)
- environment (ABS - ha environmental land)
- rainfall, topography and drainage (Consultants Willing & Partners - index)

The general approach for calculating a disability factor is unchanged in that the relative disadvantage of each council is calculated and then adjusted by an appropriate weighting reflecting the estimated impact of that factor. However, the application of these weightings has been slightly adjusted to reflect the mathematical form of statistical testing used to estimate impacts. The following formula takes each disability relating to a function into account:

$$Disability\ Factor = \left(\frac{Council\ Measure}{Standard\ Measure} \right)^{Weighting} - 1$$

Council measure is the individual council’s measure for the disability being assessed, for example, its percentage of Aboriginal and Torres Strait Islander population.

Standard measure is the state standard (generally the average) measure for the disability being assessed.

The disability factors have been applied to the functions that they are most relevant to, which is determined by materiality testing.

The weighting attempts to reflect the impact of the particular measure in terms of its likely cost impact. Previously, weightings were applied with greater discretion across a larger number of factors. This made it difficult to apply the funding where it was most needed. Under the new approach the weightings have been based on an analysis of the relative strength of the disability factor compared to other disability factors using statistical methods (regression analysis). Regression was the method recommended as a robust way to determine the relationship between two or more variables, in this case, the relationship between council expenditure and the disability measures over five years. The methodology still allows for the Commission to apply its discretion to the grant allocations.

Disability Factors	Expenditure Allowance Functions					
	Recreation & cultural	Administration & governance	Education & community	Roads, bridges, footpaths & aerodromes	Public order, safety, health & other	Housing amenity
Aboriginal & Torres Strait Islander	0.120	-	-	-	-	-
Environment (Ha of environmental lands)	-	-	-	-	0.037	-
Local road length (km)	-	-	-	0.410	-	-
Population	-0.121	-0.311	-0.299	-0.477	-0.238	-0.072
Rainfall, topography and drainage index	-	-	-	-	0.599	-

Note: Except for population, disability factor weightings are positive because the higher the council's measure is above the state average, the greater the disability. In the case of population, it is the opposite: the lower the council's measure is below the state average, the greater the disability.

Revenue allowance

The calculation of revenue allowances involves determining each council's theoretical capacity to raise revenue by comparing a council's land value per property to the state standard (or average) per property land value and applying the state standard (or average) rate-in-the-dollar. Councils with low property values compared to the state average receive a positive outcome and councils with higher property values compared to the state average receive negative outcomes.

$$\text{Revenue Allowance} = \text{No. Council Properties} \times \text{Std Rate in the \$} \\ \times (\text{Std Value Property} - \text{Council's Value per Property})$$

Property values

The Commission has found that property values provide the most useful State-wide basis data 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.

As a result, 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.

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.

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.

Ku-ring-gai's land value decreased by 2.4% from 2017. Georges River's land value decreased by 2.2%. No other LGA experienced aggregate land value decreases in that year. Conversely, Balranald's land value increase topped the state on 65%. State-wide there was an increase in the aggregated land value of 7.6%.

Based on the aggregated land values reported by the Valuer General for base date 1 July 2018, 82 council areas showed "double-digit" percentage increases on the previous year. Councils with the highest increases (above 30.00%) included Balranald; (64.99%), Parkes (42.89%), Central Darling (41.78%), Mid-Western Regional (38.54%); Yass Valley (37.33); Murrumbidgee (36.74%); Warren (33.66%); Warrumbungle (33.51%); Wentworth (32.90%) and Upper Lachlan (30.67%). There was also a general trend of increasing rural land values while 15 of the 20 lowest increases going to metropolitan councils.

The changes have generally not translated into significant shifts in grant outcomes, particularly as the Commission has applied a narrow range of an overall ceiling of +5% and floor of 0% to the general purpose component. The Commission's long-standing approach of averaging values over three years, together with the effect of significant discounting of the revenue assessment, to align it with the expenditure allowance, has also helped to moderate the effect of property value changes on overall grant outcomes.

Pensioner rebate allowance

A pensioner rebate allowance recognises the differential impact of compulsory pensioner rebates, based on the relative disadvantage to the state average using a standardised rebate.

Isolation allowance

Weighted isolation allowances are calculated for all non-metropolitan councils. The allowance is calculated using a regression analysis formula based on population, distance from Sydney and distance from the nearest major regional city.

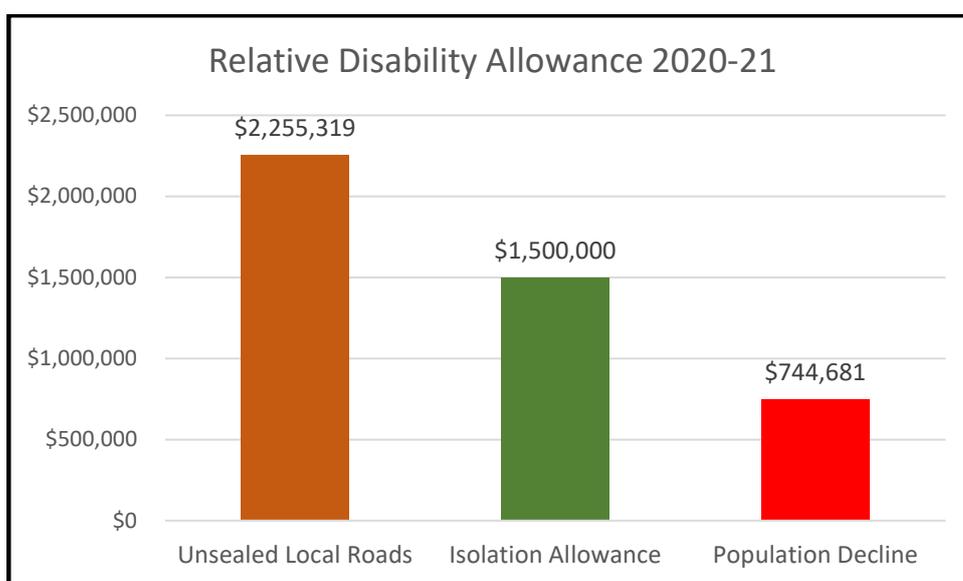
Relative disability allowance

The relative disability allowance is modelled to recognise councils with the greatest relative need, due to inherent factors. The factors the Commission has focused on are:

- isolation (duplicating the isolation allowance)
- population decline (negative population growth between 2006-2016 - ABS)
- length of unsealed local roads

The allowance was originally based on a flat amount of \$5 million, however due to the diminished CPI, this was reduced to \$4.5 million. It is distributed on the basis of greatest relative need for the three disability factors. As it is a flat amount of funding, it is not compressed by the end processes of the calculations.

Of the \$4.5 million, isolation was allocated \$1.5 million and the remaining \$3.0 million was apportioned based on the number of councils eligible for population decline and unsealed local roads. The following is a table of the breakdown of the distribution.



Population changes

The source for estimated resident population as at 30 June 2019 is ABS publication *Regional Population Growth, Australia*, released 25 March 2020 (cat. no. 3218.0).

Efficiency

A council's grant is assessed independent of its policy decisions and efficient councils are not penalised as a result. 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.

Standard cost

To improve the stability of grant outcomes, the Commission uses a five-year rolling average of the annual standard costs. Averaging over five years produces shares that are more stable than annual averages.

Specific purpose grant

Specific purpose grants are payments made by Federal 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.

The Commission uses the inclusion approach in the treatment of specific purpose grants, for example, 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.

Rate pegging

Grant calculations are essentially dealing with the extent of relative disadvantage between councils. Since rate pegging affects all councils, it is not specifically considered by the Commission, with the Commission's approach excluding the rating policies of individual councils.

Councils that are given approval by the Independent Pricing and Regulatory Tribunal to increase their rates are not penalised or rewarded in the grants calculation. This is because the calculations are based on the State average rate-in-the-dollar. Similarly, councils that forgo rate increases, or apply increases below the pegging limit, are neither rewarded nor penalised.

Non-rateable properties

Non-rateable properties are excluded from the Commission's revenue allowance calculations. The calculations deal with relativities between councils, based on an assessment of revenue raising capacity of rateable properties for councils. Hectares of on-rateable environmental land is included in the expenditure allowance.

Schedule of 2020-21 Grant Entitlements

The Commission's recommendations for the distribution of funds to local government in NSW for 2020-21 are set out in the following table.

Information on grant entitlements for previous years is available from the Commission's web page at www.olg.nsw.gov.au and following the "Commissions & Tribunals" links.

LGA	Estimated Resident Population 30/06/2019	Recommended General Purpose Entitlement 2020-21	Recommended Local Roads Entitlement 2020-21	Recommended Total Entitlement 2020-21
Albury (C)	54,353	5,058,762	1,495,226	6,553,988
Armidale Regional	30,779	4,358,807	2,534,149	6,892,956
Ballina (S)	44,628	3,194,144	1,482,859	4,677,003
Balranald (S)	2,338	3,019,459	1,373,505	4,392,964
Bathurst Regional	43,618	4,461,609	2,069,464	6,531,073
Bayside	178,396	3,740,932	1,196,854	4,937,786
Bega Valley (S)	34,476	5,287,584	2,002,034	7,289,618
Bellingen (S)	12,996	2,952,970	967,197	3,920,167
Berrigan (S)	8,750	3,517,512	1,452,538	4,970,050
Blacktown (C)	374,451	13,380,927	3,624,503	17,005,430
Bland (S)	5,972	4,900,962	3,049,209	7,950,171
Blayney (S)	7,379	1,889,983	888,664	2,778,647
Blue Mountains (C)	79,118	7,549,831	1,399,578	8,949,409
Bogan (S)	2,580	2,927,585	1,501,397	4,428,982
Bourke (S)	2,590	4,420,781	1,976,217	6,396,998
Brewarrina (S)	1,611	3,149,562	1,351,702	4,501,264
Broken Hill (C)	17,479	4,567,134	503,285	5,070,419
Burwood	40,612	851,626	278,074	1,129,700
Byron (S)	35,081	2,068,396	1,244,610	3,313,006
Cabonne	13,634	2,997,799	2,130,567	5,128,366
Camden	101,437	2,424,850	1,596,698	4,021,548
Campbelltown (C)	170,943	8,203,581	1,884,522	10,088,103
Canada Bay (C)	96,074	2,014,655	660,934	2,675,589
Canterbury-Bankstown	377,917	8,201,476	2,747,472	10,948,948
Carrathool (S)	2,799	3,929,234	2,401,791	6,331,025
Central Coast	343,968	21,631,054	4,528,122	26,159,176
Central Darling (S)	1,839	4,362,424	1,651,944	6,014,368
Cessnock (C)	59,985	5,606,941	1,780,451	7,387,392
Clarence Valley	51,662	7,781,716	3,384,645	11,166,361
Cobar (S)	4,658	4,327,775	1,787,831	6,115,606
Coffs Harbour (C)	77,277	5,360,140	2,303,728	7,663,868
Coolamon (S)	4,341	2,551,356	1,334,182	3,885,538
Coonamble (S)	3,958	2,817,211	1,531,017	4,348,228
Cootamundra-Gundagai Regional	11,235	3,806,519	1,622,933	5,429,452
Cowra (S)	12,743	3,329,875	1,506,200	4,836,075
Cumberland	241,521	6,382,858	1,800,509	8,183,367
Dubbo Regional	53,719	8,180,304	3,515,563	11,695,867
Dungog (S)	9,423	1,762,306	955,678	2,717,984

LGA	Estimated Resident Population 30/06/2019	Recommended General Purpose Entitlement 2020-21	Recommended Local Roads Entitlement 2020-21	Recommended Total Entitlement 2020-21
Edward River	9,084	4,170,365	1,580,834	5,751,199
Eurobodalla (S)	38,473	5,473,828	1,720,739	7,194,567
Fairfield (C)	211,695	7,398,569	1,767,186	9,165,755
Federation	12,437	4,809,201	2,302,225	7,111,426
Forbes (S)	9,906	3,626,308	2,015,177	5,641,485
Georges River	159,471	3,344,078	1,150,056	4,494,134
Gilgandra (S)	4,239	2,706,423	1,394,509	4,100,932
Glen Innes Severn	8,871	2,922,586	1,430,636	4,353,222
Goulburn Mulwaree	31,132	3,479,400	1,800,584	5,279,984
Greater Hume (S)	10,764	3,389,477	2,153,881	5,543,358
Griffith (C)	27,029	4,060,190	1,702,841	5,763,031
Gunnedah (S)	12,681	3,078,383	1,664,379	4,742,762
Gwydir (S)	5,353	2,912,298	1,936,211	4,848,509
Hawkesbury (C)	67,296	2,698,508	1,774,560	4,473,068
Hay (S)	2,949	2,406,695	837,961	3,244,656
Hills (S)	177,969	3,732,010	2,035,963	5,767,973
Hilltops	18,704	5,424,457	2,889,666	8,314,123
Hornsby (S)	152,059	3,188,683	1,473,068	4,661,751
Hunters Hill (M)	14,980	330,614	135,169	465,783
Inner West	200,811	4,210,971	1,398,850	5,609,821
Inverell (S)	16,890	4,090,501	2,134,164	6,224,665
Junee (S)	6,683	2,015,652	965,973	2,981,625
Kempsey (S)	29,745	4,359,478	1,852,865	6,212,343
Kiama (M)	23,386	1,216,324	529,280	1,745,604
Ku-ring-gai	127,153	2,666,376	1,150,944	3,817,320
Kyogle	8,796	2,940,454	1,661,135	4,601,589
Lachlan (S)	6,075	6,115,444	3,507,242	9,622,686
Lake Macquarie (C)	205,901	13,663,084	2,876,010	16,539,094
Lane Cove (M)	40,155	842,043	295,618	1,137,661
Leeton (S)	11,445	3,466,766	1,080,405	4,547,171
Lismore (C)	43,692	4,433,241	2,021,802	6,455,043
Lithgow (C)	21,605	3,602,598	1,310,454	4,913,052
Liverpool (C)	227,585	6,498,015	2,386,602	8,884,617
Liverpool Plains (S)	7,903	2,517,196	1,427,379	3,944,575
Lockhart (S)	3,285	2,351,720	1,397,185	3,748,905
Lord Howe Island (Bd)	382	225,231	-	225,231
Maitland (C)	85,166	5,706,366	1,448,252	7,154,618
Mid-Coast	93,836	12,724,821	5,560,517	18,285,338

LGA	Estimated Resident Population 30/06/2019	Recommended General Purpose Entitlement 2020-21	Recommended Local Roads Entitlement 2020-21	Recommended Total Entitlement 2020-21
Mid-Western Regional	25,251	4,233,347	2,532,997	6,766,344
Moree Plains (S)	13,261	5,150,755	3,001,220	8,151,975
Mosman (M)	30,981	682,611	243,824	926,435
Murray River	12,118	5,573,933	2,947,944	8,521,877
Murrumbidgee (new)	3,917	3,040,155	1,695,135	4,735,290
Muswellbrook (S)	16,377	2,691,990	949,641	3,641,631
Nambucca (S)	19,805	2,861,426	1,268,204	4,129,630
Narrabri (S)	13,135	5,072,509	2,434,361	7,506,870
Narrandera (S)	5,899	3,380,320	1,642,740	5,023,060
Narromine (S)	6,517	3,070,252	1,498,237	4,568,489
Newcastle (C)	165,571	10,684,883	1,804,392	12,489,275
North Sydney	75,021	1,573,177	498,195	2,071,372
Northern Beaches	273,499	5,735,235	2,281,100	8,016,335
Oberon	5,411	1,864,747	991,583	2,856,330
Orange (C)	42,451	3,545,971	1,222,943	4,768,914
Parkes (S)	14,837	4,373,631	2,203,357	6,576,988
Parramatta (C)	257,197	7,305,476	2,055,911	9,361,387
Penrith (C)	212,977	8,486,100	2,513,409	10,999,509
Port Macquarie-Hastings	84,525	6,438,610	3,068,941	9,507,551
Port Stephens	73,481	5,502,257	1,285,985	6,788,242
Queanbeyan-Palerang Regional	61,100	3,706,791	2,570,722	6,277,513
Randwick (C)	155,649	3,263,932	1,007,467	4,271,399
Richmond Valley	23,465	3,605,732	1,647,124	5,252,856
Ryde (C)	131,271	2,752,730	979,680	3,732,410
Shellharbour (C)	73,233	4,346,720	982,950	5,329,670
Shoalhaven (C)	105,648	9,041,892	3,562,817	12,604,709
Silverton (VC)	50	34,898	-	34,898
Singleton	23,461	2,513,786	1,364,046	3,877,832
Snowy Monaro Regional	20,795	6,961,787	2,888,480	9,850,267
Snowy Valleys	14,479	4,480,068	1,439,980	5,920,048
Strathfield (M)	46,926	984,030	311,636	1,295,666
Sutherland (S)	230,611	4,835,872	2,090,169	6,926,041
Sydney (C)	246,343	5,165,769	1,441,144	6,606,913
Tamworth Regional	62,541	6,346,010	4,418,096	10,764,106
Temora (S)	6,307	2,408,148	1,365,147	3,773,295
Tenterfield (S)	6,594	3,325,319	1,719,358	5,044,677
Tibooburra (VC)	134	78,367	-	78,367

LGA	Estimated Resident Population 30/06/2019	Recommended General Purpose Entitlement 2020-21	Recommended Local Roads Entitlement 2020-21	Recommended Total Entitlement 2020-21
Tweed (S)	97,001	7,892,563	3,013,197	10,905,760
Upper Hunter (S)	14,180	3,201,359	2,025,487	5,226,846
Upper Lachlan (S)	8,059	2,956,790	1,985,107	4,941,897
Uralla (S)	6,012	1,695,588	980,106	2,675,694
Wagga Wagga (C)	65,258	7,140,885	3,396,447	10,537,332
Walcha	3,134	1,528,110	981,243	2,509,353
Walgett (S)	5,953	4,743,919	2,031,928	6,775,847
Warren (S)	2,697	1,966,050	1,078,915	3,044,965
Warrumbungle (S)	9,278	4,862,993	2,558,771	7,421,764
Waverley	74,295	1,559,813	451,368	2,011,181
Weddin (S)	3,613	1,837,209	1,050,244	2,887,453
Wentworth (S)	7,053	4,357,204	2,108,153	6,465,357
Willoughby (C)	81,189	1,702,519	610,132	2,312,651
Wingecarribee (S)	51,134	3,262,668	1,983,210	5,245,878
Wollondilly (S)	53,149	2,432,315	1,421,366	3,853,681
Wollongong (C)	218,114	16,400,470	2,524,101	18,924,571
Woollahra (M)	59,387	1,245,335	445,914	1,691,249
Yass Valley	17,087	1,767,229	1,418,137	3,185,366
Non-Metro Total	2,777,251	408,424,678	178,642,338	587,067,016
Metro Total	5,312,106	157,016,571	49,636,597	206,653,168
NSW Total	8,089,357	565,441,249	228,278,935	793,720,184

Appendix 1: Member Profiles

Mr Allan Baptist, OAM - Chair

Allan was appointed to the Commission 17 March 2021. After completing tertiary education at Wagga Wagga Teachers College, Allan pursued a 26 year career in education, teaching in regional and remote NSW and serving as Principal for 14 years. This long and fruitful career culminated in a Leadership Exchange to Alberta Canada and receiving NSW Ministerial recognition for Educational Excellence and Leadership.

For the next 16 years Allan worked in Local Government management at Shoalhaven City Council and later as Senior Operations Officer, Morton Bay Regional Council Queensland. These roles focussed on the planning, construction and operations of cultural assets including regional galleries, an entertainment centre, museums and leading a sister city exchange visit to Fuzhou China.

Allan's work was recognised via NSW State and Arts Sector Awards and in 2011, he was awarded the Order of Australia Medal for services to the Arts and the community.

Allan was elected Councillor and nominated Assistant Deputy Mayor of Shoalhaven City Council from 2012-2016 serving as a member of the Senior Executive Team, the NSW Country Mayors Group, and many committees including as Arts Board Chair, Audit, DA, Asset and Infrastructure planning and an organisational restructure. Living and working throughout rural and regional NSW for 50 years Allan has provided much experience and insight into community and government.

Mr Grant Gleeson – Deputy Chair (appointment current)

Mr Gleeson BA, LLB, LLM, was appointed as the NSW Office of Local Government's representative on the Commission on 30 June 2017 and assumes the role of Deputy Chair. In 2016 Grant was appointed OLG's Director Legal and holds accredited specialisation in Local Government Law and Planning Law.

Prior to joining OLG, Grant was a Senior partner with the long established law firm RMB Lawyers: a firm which he served as partner for 30 years and Manager of the Government and Planning Law Division.

In private practice, Grant has provided advice to a wide range of Local Government agencies, including Shellharbour, Kiama, Shoalhaven and Wollondilly Councils. As well, RMB was on the SEROC panel and through this association Grant had the opportunity to give advice to councils in the South East region.

In 2016, Grant's professional work in the Shoalhaven region was recognised via Shoalhaven 'Business Leader of the Year Award'.

Mr Bruce Notley-Smith, Commissioner (appointment current)

Bruce was appointed to the Commission on 17 March 2021. Bruce was elected as Councillor of Randwick City Council in July 2000, having first run in 1995 as an independent candidate. Over 12 years in the role, he chaired all major committees, served two years as Deputy Mayor and two years as a Mayor.

In 2011, Bruce was elected State Member for Coogee and later appointed Chair of the 'Legislative Assembly Social Policy Committee' overseeing two major inquiries which recommended legislative change that was subsequently adopted by the government. From 2015 to 2019, Bruce chaired the 'NSW Parliamentary Public Accounts Committee'

tasked with scrutinising the government's expenditure and performance and reviewing the auditor-general's reports to parliament.

Bruce also holds credit for conceiving and tabling a private Member's Bill; The Criminal Records Amendment (Historical Homosexual Offences) Act 2014, which ostensibly allowed for the extinguishment of convictions for historical homosexual offences which are no longer a crime. The Act was unanimously passed into law by both houses of parliament in 2014.

Ms Aileen MacDonald, OAM – Chair (appointment current)

Aileen was appointed to the Commission on 27 April 2021. Daughter of '10 pound Poms' who moved to Brisbane in 1963, Aileen has a gamut of work experience starting at her parent's corner store, in insurance, running an agricultural supplies business, to her current role with Community Corrections.

Aileen has dedicated many years to voluntary community work honing a passion for advocacy, community engagement in regional NSW, capacity building and developing economic resilience in community groups such her local Preschool, 'Parents and Friends' school association and later in service clubs such as Country Women's Association and Rotary.

A highlight of her work involved leadership of the local Chamber of Commerce advocating needed Renew Armidale projects to rebuild the Armidale CBD into a thriving, community hub. Aileen's 30 year commitment and passion to community was recognised when awarded in 2019, Guyra's Citizen of the Year and in 2020, the 'Order of Australia Medal'.

The Hon Jenny Gardiner, B. Bus – Chair (appointment expired 1-11-2020)

Ms Gardiner was a Member of the Legislative Council of NSW (1991 to 2015). Ms Gardiner's roles in the NSW Parliament included serving as Deputy President and Chair of Committees in the Legislative Council (2011-2015), Shadow Minister, Assistant Shadow Minister and Shadow Parliamentary Secretary for various portfolios, including Rural Health, Fisheries and Ports, and Deputy Leader of The Nationals in the Legislative Council.

Ms Gardiner chaired and/or served on many parliamentary inquiries including ones that examined local government and NSW elections and electoral law, transport needs in both metropolitan and non-metropolitan NSW, planning and environment, rural and metropolitan health services, privileges and ethics, state and regional development, and the Committees on the Independent Commission Against Corruption and the Offices of the Ombudsman and Police Integrity Commission. Before being elected to the NSW Parliament, Ms Gardiner was General Secretary of the National Party of Australia - NSW.

Mr Graeme Fleming, PSM – Commissioner (appointment expired 1-11-2020)

Mr Fleming brings to the Commission a wealth of local government knowledge gained through a thirty-nine year career in local government across seven councils in regional NSW. Twenty-five of those 39 years were as General Manger, most recently, before retiring, at Cabonne Council. Mr Fleming's career highlights include Chair of the AR Bluett Trust and Executive Member, NSW Strategic Alliance Network. Mr Fleming has served on a range of regional boards from libraries to noxious weeds, economic development to emergency services, and tourism to mining. Mr Fleming was awarded the Public Service Medal for outstanding service to local government, to name but a few. Mr Fleming is currently Chair of the LG Innovation Fund Assessment Panel.

Mr Alan McCormack, PSM – Commissioner (appointment expired 1-11-2020)

Mr McCormack's appointment to the Commission follows a long and distinguished career in local government, including Deputy Shire Clerk at Balranald Council and Lachlan Council and Shire Clerk at Balranald Council and Hay Council. Mr McCormack retired in 2010 following 20 years as General Manager at Parkes Council. Since his retirement, Mr McCormack has been the Acting General Manager at a number of Shire Councils. Mr McCormack has qualifications as a Master of Business in Local Government Management, a Graduate Diploma in Local Government Management, and a Graduate Certificate in Financial Planning. Mr McCormack was awarded a Public Service Medal in 2007 for outstanding service to local government and recently resigned as the Chair of Central West Regional Development Australia.

