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OUR REFERENCE: A578998

YOUR REFERENCE:

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Local Government Grants Commission

NSW Local Government Grants Commission
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Clr Stephen Lesslie
Mayor
City of Lithgow Council
PO Box 19
LITHGOW NSW 2790

Dear Clr Lesslie

Thank you for your letter of 11 January 2018, to Ms Jenny Gardiner, Chair of the NSW Local Government Grants Commission, about a resolution to reduce the minimum grant at the NSW annual Local Government Association Conference in Sydney in December 2017. The Commission has asked me to respond on its behalf. The Commission was aware of the resolution.

At the last Commonwealth review of general purpose grants under the provisions of the *Local Government (Financial Assistance) Act 1995* (Cwlth) in 2011, the Commission expressed its preferred position for the removal of the minimum grant principle, or if the minimum grant principle were to be retained to do so at a lower level. This was based on the Commission's experience of the skew in the grant allocations caused by the faster rate of population growth in metropolitan councils on the minimum grant compared to the state average growth and also from the population decline in many smaller more remote councils. To date the Commission is not aware of any other agency to make such a submission. It is therefore gratifying that the Conference saw fit to resolve as it did.

The Commonwealth Grants Commission reported its findings from the review to the Federal Treasurer in December 2013. The Treasurer's response was to refer the Commonwealth Grants Commission's report to the Commonwealth's *Reform of Federation* process which was overseeing the financial relationship between the Commonwealth and the States and Territories. Following consideration of federation reform at the Council of Australian Governments meeting in April 2016, work to improve federal financial relations and the transparency of government spending was to be progressed by the Council on Federal Financial Relations, and Commonwealth, State and Territory Treasuries.

As the Financial Assistance Grants fall under Federal legislation and the grants are determined by the Federal Government, it would seem appropriate that NSW local councils that support the intent of the resolution individually or collectively now approach Local Government NSW to ask it to advocate to the Federal Government for the position reflected in the resolution.

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(follow the "Commissions & Tribunals" links)



The Commission continues to monitor the effect of minimum grants and to attempt to shift grants to councils of greater relative need within the limits of the national principles.

I trust this information is of assistance.

Yours sincerely



Helen Pearce
Executive Officer