

**LOCAL GOVERNMENT (GRANTS COMMISSION)  
AMENDMENT BILL 1987**

NEW SOUTH WALES



**EXPLANATORY NOTE**

**(This Explanatory Note relates to this Bill as introduced into Parliament)**

The object of this Bill is to amend the Local Government Act 1919—

- (a) to meet the requirements of the Local Government (Financial Assistance) Act 1986 of the Commonwealth relating to the allocation of Commonwealth funds among councils, and in particular relating to the recommendations of the Local Government Grants Commission on the allocation; and
- (b) to revise provisions relating to the membership and procedure of the Grants Commission.

Generally speaking, under the Commonwealth Act—

- (a) the total amount of Commonwealth funds is to be adjusted each year in line with the adjustment for general purpose financial assistance to the States (subject to a special minimum adjustment for the 1986/87 and 1987/88 financial years);
- (b) the distribution of those funds among the States is to be on a per capita basis instead of a fixed percentage basis;
- (c) the funds are to be allocated among councils within a State on a general equalisation basis (that is, in such a way as to equalise each council's ability to undertake its functions with respect to the average standard performance of other councils in the State);
- (d) the minimum allocation to a council is to be the amount that would be allocated if 30% of the State's funds were allocated to councils on a per capita basis (under the former arrangements the State could allocate as a minimum grant more than 30% on a per capita basis and also have regard to the size of council areas and density of population); and
- (e) the principles of allocation among councils must now be approved by the Commonwealth.

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Clause 1 specifies the short title of the proposed Act.

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Clause 2 provides that the proposed Act will commence on 1 July 1988.

Clause 3 is a formal provision that gives effect to the Schedule of amendments.

Clause 4 is a formal provision that gives effect to the Schedule containing savings and validation provisions.

Schedule 1 (1) is a consequential amendment.

Schedule 1 (2) omits the present Part VIIA of the Principal Act and replaces it with a revised Part VIIA which contains the following sections:

Proposed section 218A defines certain expressions for the purposes of the new Part VIIA. In particular, "Commonwealth Act" means the Local Government (Financial Assistance) Act 1986 of the Commonwealth.

Proposed section 218B continues the Grants Commission.

Proposed section 218C provides that the Grants Commission is to consist of 4 members. As at present, 3 of the members are to be appointed by the Governor on the nomination of the Minister (one of these being the chairperson of the Grants Commission). The remaining member (being the deputy chairperson) is to be the Director, Local Government Grants Commission, Department of Local Government (at present the deputy chairperson is nominated by the Secretary of the Department of Local Government). As required by the Commonwealth Act, the section also provides that 2 of the 4 members must be associated with local government.

Proposed section 218D provides for the appointment of acting members during the illness or absence of appointed members.

Proposed section 218E provides for the terms of office, remuneration and vacation of office of appointed members and other related matters.

Proposed section 218F deals with meetings of the Grants Commission.

Proposed section 218G sets up the Local Government Financial Assistance Fund in the Special Deposits Account in the Treasury (the existing account is known as the Local Government Revenue Sharing Fund). The Commonwealth funds are to be allocated to councils through that fund.

Proposed section 218H requires the Grants Commission to make recommendations in each financial year to the Minister as to the allocation among councils of the total amount of Commonwealth funds to be paid to the State in that year. The recommendations must be determined in accordance with the requirements of the Commonwealth Act and relevant principles of allocation approved under that Act. The proposed section provides that the Minister will (after having regard to or adopting the recommendations) determine the allocation of the funds among councils.

Proposed section 218I provides that the Grants Commission, in making its recommendations, must hold hearings and may require councils to furnish information.

Proposed section 218J provides that the Minister, in accordance with the Commonwealth Act, must furnish to the Commonwealth Treasurer a statement which specifies the payments to councils in each financial year and which is accompanied by a certificate by the Auditor-General that the statement is correct.

Proposed section 218K enables the Minister to request the Grants Commission to report on any matter referred to it by the Minister.

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Proposed section 218L requires the Grants Commission to furnish to the Minister at the end of each financial year a report on its work and activities during the financial year (including its recommendations for the following year and details of the methods used in making those recommendations).

Schedule 1 (3) is a consequential amendment.

Schedule 2 provides that the terms of office of existing members of the Grants Commission are not affected by the proposed Act. It also provides that anything done by the Grants Commission in accordance with the Commonwealth Act before 1 July 1988 is valid.

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