

**CS/30**

**IPART Rating Submission**

**Minute Book Attachments**

5 October 2016

Dr PeterJ Boxall AO, Chairman  
Independent Pricing and Regulatory Tribunal  
PO Box K35  
HAYMARKET POST SHOP NSW 1240

Dear Dr Boxall

**Re: Review of Local Government Rating System**

Mosman Council appreciates the opportunity to comment on the Independent Pricing and Regulatory Tribunal's Draft Report of its review of the local government rating system.

From Council's point of view the review of the rating system should focus on three main areas:

1. Removal of the rate peg limitation
2. Reduction of complexity, and
3. Options for adopting the valuation base to determine rates

Removing the rate peg will enable all Councils to maintain their financial sustainability whilst providing the maintenance and renewal of infrastructure together with delivering the services that the community expects. Councils are answerable for their actions to the community that elects them.

Further, Council endorses the reduction of complexity within the rating systems. The rates setting process is not well understood by the community in general. Adding additional options with conditions will not improve this situation. In conveying explanations to the general public Council considers that simplicity rather than complexity will engender greater trust. A rating system kept as simple as possible will help all ratepayers understand and enable them to contribute to the process with their Council.

Council appreciates the provision of options for selecting a valuation base to address the level of contributions of strata units to fund available services. As an early adopter of base amounts for rates, Council would recommend further consideration of the 50.0% limit for Councils who choose to remain with the unimproved value, particularly where there is a high level of strata units within a local government area.

Please find attached Council's responses to IPART's draft recommendations.

Yours sincerely

Dominic Johnson  
ACTING GENERAL MANAGER

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### List of Draft Recommendations by IPART

#### Allow councils to use CIV as an alternative to UV in setting rates

Recommendation	Council Response	Comments
1. Councils should be able to choose between the Capital Improved Value (CIV) and Unimproved Value (UV) methods as the basis for setting rates at the rating category level. A council's maximum general income should not change as a result of the valuation method they choose.	Agreed	
2. Section 492 of the <i>Local Government Act 1993</i> (NSW) should be amended to remove minimum amounts from the structure of a rate, and section 548 of the <i>Local Government Act 1993</i> (NSW) should be removed.	Agreed	

#### Allow councils' general income to grow as the communities they serve grow

Recommendation	Council Response	Comments
3. The growth in rates revenue outside the rate peg should be calculated by multiplying a council's general income by the proportional increase in Capital Improved Value from supplementary valuations	Agreed	An alternative for those Councils that may choose to continue to use UV as the basis for determining rates could be based on increasing each rating category's average rates by the rate peg factor in each year's initial rate levy and applying the average rate to the revised number of assessments for the following year to set the maximum income limit.
4. The Local Government Act 1993 (NSW) should be amended to allow councils to levy a new type of special rate for new infrastructure jointly funded with other levels of Government. This special rate should be permitted for services or infrastructure that benefit the community, and funds raised under this special rate should not: form part of a council's general income permitted under the rate peg, nor Require councils to receive regulatory approval from IPART.	Agreed in part	Council is concerned that this may disadvantage ratepayers who may be required to fund infrastructure that has a regional impact.
5. Section 511 of the Local Government Act 1993 (NSW) ) should be amended to reflect	Agreed	

that, where a council does not apply the full percentage increase of the rate peg (or any applicable Special Variation) in a year, within the following 10-year period, the council can set rates in a subsequent year to return it to the original rating trajectory for that subsequent year.		
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**Give councils greater flexibility when setting residential rates**

Recommendation	Council Response	Comments
6. The Local Government Act 1993 (NSW) should be amended to remove the requirement to equalise residential rates by 'centre of population'. Instead, councils should be allowed to determine a residential subcategory, and set a residential rate, for an area by: a separate town or village, or a community of interest	More information required	Council has reservations in terms of the implications for Metropolitan Councils.
7. An area should be considered to have a different 'community of interest' where it is within a contiguous urban development, and it has different access to, demand for, or costs of providing council services or infrastructure relative to other areas in that development.	More information required	There appears to be an increase in complexity including differential accounting to ensure funds are expended in the areas they are raised. Council has reservations for Metropolitan Councils in terms of the reduction in the democratic process of allocating funds in areas of identified need.
8. The Local Government Act 1993 (NSW) should be amended so, where a council uses different residential rates within a contiguous urban development, it should be required to: ensure the highest rate structure is no more than 1.5 times the lowest rate structure across all residential subcategories (ie, so the maximum difference for ad valorem rates and base amounts is 50%), or obtain approval from IPART to exceed this maximum difference as part of the Special Variation process, and publish the different rates (along with the reasons for the different rates) on its website and in the rates notice received by ratepayers	More information required	Council has reservations in regard to the added complexity of establishing new rating categories and high levels of governance over an already restricted but very low income base. The rate peg limitations, together with the low income base will ensure relativities between categories are marginal.
9. At the end of the 4-year rate path freeze, new councils should determine whether any pre-merger areas are separate towns or villages, or different communities of interest. • In the event that a new council	Disagree	The time frame proposed to address the rating equalisation across the merged areas is too long.  For Mosman ratepayers, with the limit of base amounts remaining at

<p>determines they are separate towns or villages, or different communities of interest, it should be able to continue the existing rates or set different rates for these pre-merger areas, subject to metropolitan councils seeking IPART approval if they exceed the 50% maximum differential. It could also choose to equalise rates across the pre-merger areas, using the gradual equalisation outlined below.</p> <ul style="list-style-type: none"> <li>In the event that a new council determines they are not separate towns or villages, or different communities of interest, or it chooses to equalise rates, it should undertake a gradual equalisation of residential rates. The amount of rates a resident is liable to pay to the council should increase by no more than 10 percentage points above the rate peg (as adjusted for permitted Special Variations) each year as a result of this equalisation. The <i>Local Government Act 1993</i> (NSW) should be amended to facilitate this gradual equalisation.</li> </ul>		<p>50%, a merged and equalised Council it will see a significant downward shift in the base amount changing the rate burden across the Mosman area.</p>
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**Better target rate exemption eligibility**

Recommendation	Council Response	Comments
<p>10. Sections 555 and 556 of the <i>Local Government Act 1993</i> NSW should be amended to</p> <ul style="list-style-type: none"> <li>Exempt land on the basis of use rather than ownership, and to directly link the exemption to the use of the land, and</li> <li>Ensure land used for residential and commercial purposes is rateable unless explicitly exempted</li> </ul>	<p>Agreed</p>	<p>Council recommends that land owners who receive exemption be required to submit an annual return of land use to ensure continued exemption.</p>
<p>11. The following exemptions should be retained in the <i>Local Government Act 1993</i> (NSW):</p> <ul style="list-style-type: none"> <li>section 555(e) Land used by a religious body occupied for that purpose</li> <li>section 555(g) Land vested in the NSW Aboriginal Land Council</li> <li>section 556(o) Land that is vested in the mines rescue company, and</li> <li>section 556(q) Land that is leased to the Crown for the purpose of cattle dipping</li> </ul>	<p>Agreed</p>	
<p>12. Section 556(i) of the <i>Local Government</i></p>	<p>Agreed</p>	



<p>Act 1993 (NSW) should be amended to include land owned by a private hospital and used for that purpose.</p>		
<p>13. The following exemptions should be removed:</p> <ul style="list-style-type: none"> <li>• land that is vested in, owned by, or within a special or controlled area for, the Hunter Water Corporation, Water NSW or the Sydney Water Corporation (<i>Local Government Act 1993</i> (NSW) section 555(c) and section 555(d))</li> <li>• Land that is below the high water mark and is used for the cultivation of oysters (<i>Local Government Act 1993</i> (NSW) section 555(h))</li> <li>• Land that is held under a lease from the Crown for private purposes and is the subject of a mineral claim (<i>Local Government Act 1993</i> (NSW) section 556(g)), and</li> <li>• Land that is managed by the Teacher Housing Authority and on which a house is erected (<i>Local Government Act 1993</i> (NSW) section 556(p))</li> </ul>	<p>Not applicable to Mosman Council</p>	
<p>14. The following exemptions should not be funded by local councils and hence should be removed from the Local Government Act and Regulation</p> <ul style="list-style-type: none"> <li>• Land that is vested in the Sydney Cricket and Sports Ground Trust (<i>Local Government Act 1993</i> (NSW) section 556(m))</li> <li>• Land that is leased by the Royal Agricultural Society in the Homebush Bay area (<i>Local Government (General) Regulation 2005</i> reg 123(a))</li> <li>• Land that is occupied by the Museum of Contemporary Art Limited (<i>Local Government (General) Regulation 2005</i> reg 123(b)), and</li> <li>• Land comprising the site known as Museum of Sydney (<i>Local Government (General) Regulation 2005</i> reg 123(c))</li> </ul>	<p>Not applicable to Mosman Council</p>	
<p>15 Where a portion of land is used for an exempt purpose and the remainder for a non-exempt activity, only the former portion should be exempt, and the remainder should be rateable.</p>	<p>Agreed</p>	<p>Council recommends that land owners who receive exemption be required to submit an annual return of land use to ensure continued exemption.</p>
<p>16. Where land is used for an exempt purpose only part of the time, a self-assessment process should be used to determine the proportion of rates payable for</p>	<p>Agreed</p>	<p>Council recommends that land owners who receive exemption be required to submit an annual return of land use to ensure continued exemption.</p>

the non-exempt use		
17. A Council's maximum general income should not be modified as a result of any changes to exemptions from implementing our recommendations.	Disagreed	The total change will not have a significant impact on the balance of amounts payable by other ratepayers.
18. The <i>Local Government Act 1993</i> (NSW) should be amended to remove the current exemptions from water and sewerage special charges in section 555 and instead allow councils discretion to exempt these properties from water and sewerage special rates in a similar manner as occurs under section 558(1).	Not applicable to Mosman Council	
19. At the start of each rating period, councils should calculate the increase in rates that are the result of rating exemptions. This information should be published in the council's annual report or otherwise made available to the public.	Disagree	The scale of non-rateable properties in Mosman is low. Council questions the need to report this annually.

**Replace the pensioner concession with a rate deferral scheme**

Recommendation	Council Response	Comments
20. The current pensioner concession should be replaced with a rate deferral scheme operated by the State Government. <ul style="list-style-type: none"> <li>Eligible pensioners should be allowed to defer payment of rates up to the amount of the current concession, or any other amount as determined by the State Government</li> <li>The liability should be charged interest at the State Government's 10-year borrowing rate plus an administrative fee. The liability would become due when property ownership changes and a surviving spouse no longer lives in the residence.</li> </ul>	Agreed	Council would appreciate confirmation that the recommendation envisages that the NSW Government will pay Council the deferred amount of rates.

**Provide more rating categories**

Recommendation	Council Response	Comments
21. Section 493 of the <i>Local Government Act 1993</i> (NSW) should be amended to add a new environmental land category and a definition of 'Environmental Land' should be included in the LG Act.	Not applicable to Mosman Council	

<p>22. Sections 493, 519 and 529 of the <i>Local Government Act 1993</i> (NSW) should be amended to add a new vacant land category, with subcategories for residential, business, mining and farmland.</p>	<p>Disagree</p>	<p>Vacant land is not an issue for Mosman Council. However, Council notes that vacant land enjoys a capital growth in value particularly in the Sydney metropolitan region. Given the low value of rates as evidenced by the Office of Local Government's rating data, rates are unlikely to cause financial hardship. Adding the option of subcategories increases the complexity of the rate determination process.</p>
<p>23. Section 518 of the <i>Local Government Act 1993</i> (NSW) should be amended to reflect that a council may determine by resolution which rating category will act as the residual category.</p> <ul style="list-style-type: none"> <li>• The residual category that is determined should not be subject to change for a 5-year period</li> <li>• If a council does not determine a residual category, the Business category should act as the default residual rating category</li> </ul>	<p>Agreed</p>	
<p>24. Section 529 (2)(d) of the <i>Local Government Act 1993</i> (NSW) should be amended to allow business land to be sub-categorised as 'industrial' and or 'commercial' in addition to centre of activity.</p>	<p>Not applicable to Mosman Council</p>	<p>Mosman Council is not impacted by industrial areas.</p>
<p>25. Section 529 (2)(a) of the <i>Local Government Act 1993</i> (NSW) should be replaced to allow farmland subcategories to be determined based on geographic location.</p>	<p>Not applicable to Mosman Council</p>	<p>Mosman Council has no farmland areas.</p>
<p>26. Any difference in the rate charged by a council to a mining category compared to its average business rate should primarily reflect differences in the council's costs of providing services to the mining properties.</p>	<p>Not applicable to Mosman Council</p>	<p>Mining issues do not affect Mosman Council.</p>

**Recovery of council rates**

Recommendation	Council Response	Comments
<p>27. Councils should have the option to engage the State Debt Recovery Office to recover outstanding council rates and charges.</p>	<p>Agreed</p>	<p>Council is pleased to have an additional option to consider for the recovery process.</p>
<p>28. The existing legal and administrative process to recover outstanding rates should be streamlined by reducing the period of time before a property can be sold to recover</p>	<p>Disagree</p>	<p>Council does not agree with this recommendation as the option to sell a ratepayer's property is out of proportion to the level of debt.</p>



rates from five years to three years.		Selling a property should be an issue of last resort.
29. All councils should adopt an internal review policy, to assist those who are late in paying rates, before commencing legal proceedings to recover unpaid rates.	Agreed	
30. The <i>Local Government Act 1993</i> (NSW) should be amended or the Office of Local Government should issue guidelines to clarify that councils can offer flexible payment options to ratepayers.	Agreed	
31. The <i>Local Government Act 1993</i> (NSW) should be amended to allow councils to offer a discount to ratepayers who elect to receive rates notices in electronic formats, eg, via email	Agreed	
32. The <i>Local Government Act 1993</i> (NSW) should be amended to remove section 585 and section 595, so that ratepayers are not permitted to postpone rates as a result of land rezoning, and councils are not required to write-off postponed rates after five years.	Agreed	

**Other draft recommendations**

Recommendation	Council Response	Comments
33. The valuation base date for the Emergency Services Property Levy and council rates should be aligned. <ul style="list-style-type: none"> <li>The NSW Government should levy the Emergency Services Property Levy on a Capital Improved Value basis when Capital Improved Value data becomes available state-wide.</li> </ul>	Agreed	
34. Councils should be given the choice to directly buy valuation services from private valuers that have been certified by the Valuer General.	Agreed	

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NSW Local Government Grants Commission - 2016/17 -  
Grant Calculation

Minute Book Attachments



Local Government  
Grants Commission

5 O'Keefe Avenue NOWRA NSW 2541  
Locked Bag 3015 NOWRA NSW 2541

Our Reference: GC 144

Contact: Bruce Wright  
(02) 4428 4132  
bruce.wright@olg.nsw.gov.au



Ms Veronica Lee  
General Manager  
Mosman Municipal Council  
PO Box 211  
SPIT JUNCTION NSW 2088

5 September 2016

Dear Ms Lee

The Commission has a policy of providing information to councils about the way it calculates financial assistance grants. Accordingly, please find attached a detailed summary of the 2016-17 grant calculations for Mosman Municipal Council.

**DETAILS OF 2016-17 GRANT CALCULATIONS**

**Appendix A**, titled *Disability Calculations Summary – 2016-17*, shows the measures used in the calculation of grants for your council area. This information should be examined if council is considering making a special submission.

**Appendix B**, titled *Explanation of Calculation Summaries*, explains how the revenue and expenditure allowances are calculated and used in the grant determination process.

**Appendix C**, titled *Details of Disability Factors*, provides background information relating to what each expenditure disability factor recognises, the measures used, their source, the standards (State average) and weightings.

**SPECIAL SUBMISSIONS RELATING TO 2016-17 GRANTS**

Special submissions are invited from council in relation to the distribution of financial assistance grants for 2017-18. However, council is not required to make a submission.

The purpose of a submission is to give council the opportunity to present information on the financial impact of inherent expenditure disabilities beyond its control that are not generally recognised in the current methodology. This allows the Commission to adequately consider all legitimate factors that affect council's capacity to deliver services.

T 02 4428 4132 F 02 4428 4199 TTY 02 4428 4209  
E grants@olg.nsw.gov.au  
W <http://www.olg.nsw.gov.au> (follow the "Commissions & Tribunals" links)



Strengthening local government

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**Appendix D**, titled **Guidelines for Special Submissions**, contains guidelines for preparing submissions – please read the guidelines carefully.

Submissions should be e-mailed to the Commission at [grants@olg.nsw.gov.au](mailto:grants@olg.nsw.gov.au) by **30 November 2016**.

I would ask that this letter be tabled at the next council meeting.

If you have any questions concerning these matters please contact me on (02) 4428 4132.

Yours sincerely

  
**Bruce Wright**  
Executive Officer



**APPENDIX A**

**LOCAL GOVERNMENT GRANTS COMMISSION  
DISABILITY CALCULATION SUMMARY - 2016-17**

**Mosman (M)**

**POPULATION BASED FUNCTIONS**

POPULATION: 30,496

FUNCTION Disability Measure	Council Measure	State Standard	Weighting	Disability Factor
<b>ADMINISTRATION AND GOVERNANCE (STANDARD COST): \$198.01</b>				
Aboriginal and/or Torres Strait Islander:	0.10%	2.49%	0.005	0.0
Economies of Scale:	100	100	1.250	N/A
Non-English Speaking Background:	15.44%	18.45%	0.010	0.0
Population Distribution:	0.00	2.43	0.006	0.0
Population, Below Average Growth (5yr Average):	0.92%	1.29%	0.019	0.6
Sparsity (sq km per capita):	0.00	0.26	0.010	0.0
Other:				0.0
			<b>Rounded Total:</b>	<b>1</b>
<b>AERODROMES (STANDARD COST): \$2.83</b>				
Net Expenditure - Aerodromes:	0.00	2.83	1.000	0.0
Other:				0.0
			<b>Rounded Total:</b>	<b>0</b>
<b>AGED PERSON'S SERVICES (STANDARD COST): \$0.83</b>				
Aged Persons (>=60 Yrs):	22.88%	20.93%	1.000	9.3
Pensioners:	4.72%	13.23%	1.200	0.0
Population Distribution:	0.00	2.43	0.002	0.0
Other:				0.0
			<b>Rounded Total:</b>	<b>9</b>
<b>ANIMAL CONTROL (STANDARD COST): \$2.54</b>				
Population Distribution:	0.00	2.43	0.070	0.0
Other:				0.0
			<b>Rounded Total:</b>	<b>0</b>
<b>CEMETRIES (STANDARD COST): \$0.35</b>				
Population Distribution:	0.00	2.43	0.015	0.0
Other:				0.0
			<b>Rounded Total:</b>	<b>0</b>

**APPENDIX A**

**LOCAL GOVERNMENT GRANTS COMMISSION  
DISABILITY CALCULATION SUMMARY - 2016-17**

**Mosman (M)**

**POPULATION BASED FUNCTIONS**

POPULATION: 30,496

FUNCTION Disability Measure	Council Measure	State Standard	Weighting	Disability Factor
<b>CHILDREN'S SERVICES (STANDARD COST): \$3.37</b>				
One Parent Families:	10.92%	16.28%	0.815	0.0
Population Distribution:	0.00	2.43	0.001	0.0
Pre-School Children (0-4 Yrs):	5.49%	6.46%	1.000	0.0
Other:				0.0
			<b>Rounded Total:</b>	<b>0</b>
<b>COMMUNITY SERVICES (STANDARD COST): \$12.40</b>				
Aboriginal and/or Torres Strait Islander:	0.10%	2.49%	0.116	0.0
Non-English Speaking Background:	15.44%	18.45%	0.125	0.0
Occupation:	10.36%	24.51%	0.750	0.0
Pension and Benefit Recipients (<60 Yrs):	5.60%	24.93%	0.965	0.0
Population Distribution:	0.00	2.43	0.001	0.0
Youth (15-24 Yrs):	10.82%	13.04%	0.200	0.0
Other:				0.0
			<b>Rounded Total:</b>	<b>0</b>
<b>CULTURAL FACILITIES (STANDARD COST): \$18.33</b>				
Duplication of Halls:	11.46	11.46	0.100	0.0
Non-Resident Use - Cultural Facilities:	100	100	1.000	0.0
Other:				0.0
			<b>Rounded Total:</b>	<b>0</b>
<b>FIRE CONTROL &amp; EMERGENCY SERVICES (STANDARD COST): \$16.54</b>				
Duplication of SES Units	1.00	1.00	0.002	0.0
Floodboats:	0.00	0.05	0.026	0.0
Flood Prone Buildings:	0.00	24.97	0.027	0.0
Rural Fire Fighting Contributions	0.00	4.04	0.300	0.0
Urban Fire Levy:	30.05	9.21	0.800	181.0
Other:				0.0
			<b>Rounded Total:</b>	<b>181</b>
<b>HEALTH &amp; SAFETY (STANDARD COST): \$9.22</b>				
Food Premises:	5.34	5.91	0.751	0.0
Non-English Speaking Background:	15.44%	18.45%	0.100	0.0
Population Distribution:	0.00	2.43	0.015	0.0
Public Toilets:	130	100	0.250	7.5
Vandalism and Crime:	0.43%	0.89%	0.022	0.0
Other:				0.0
			<b>Rounded Total:</b>	<b>8</b>

**APPENDIX A**

**LOCAL GOVERNMENT GRANTS COMMISSION  
DISABILITY CALCULATION SUMMARY - 2016-17**

**Mosman (M)**

**POPULATION BASED FUNCTIONS**

POPULATION: 30,496

<b>FUNCTION</b> Disability Measure	<b>Council</b> Measure	<b>State</b> Standard	<b>Weighting</b>	<b>Disability</b> <b>Factor</b>
<b>LIBRARIES (STANDARD COST): \$34.16</b>				
Aged Persons:	22.88%	20.93%	0.260	2.4
Non-English Speaking Background:	15.44%	18.45%	0.100	0.0
Non-Resident Borrowers:	136.00	116.63	1.000	10.0
Population Distribution:	0.00	2.43	0.018	0.0
Students - Full Time:	18.80%	19.45%	0.195	0.0
Other:				0.0
			<b>Rounded Total:</b>	<b>12</b>
<b>PLANNING &amp; BUILDING (STANDARD COST): \$30.02</b>				
Development Activity:	63.15	58.19	0.250	2.1
Environmental Sensitivity:	2	1	0.060	6.0
Heritage:	3	1	0.028	5.6
Non-English Speaking Background:	15.44%	18.45%	0.040	0.0
Non-Residential Urban Properties:	1.94	2.54	0.200	0.0
Population Distribution:	0.00	2.43	0.017	0.0
Regional Centres and Secondary CBD's:	100	100	1.000	0.0
Other:				0.0
			<b>Rounded Total:</b>	<b>14</b>
<b>RECREATION (STANDARD COST): \$102.47</b>				
Age Structure (5-29 yrs):	29.51%	32.50%	0.750	0.0
Beach Lifesaving:	100	100	1.000	0.0
Climate Measure:	649	898	0.277	0.0
Day Trippers:	103	100	1.000	3.0
Duplication of Playing Fields:	1.12	1.12	0.460	0.0
Duplication of Pools:	0.00	11.19	0.060	0.0
Non-Resident Use - Recreation:	100	100	1.000	0.0
Non-Urban Measure:	100	100	1.000	0.0
Population Distribution:	0.00	2.43	0.003	0.0
Tidal/Rock Pools	1.29	1.47	0.005	0.0
Other:				0.0
			<b>Rounded Total:</b>	<b>3</b>

**APPENDIX A**

**LOCAL GOVERNMENT GRANTS COMMISSION  
DISABILITY CALCULATION SUMMARY - 2016-17**

**Mosman (M)**

**PROPERTY BASED FUNCTIONS**

**URBAN PROPERTIES:** 13,201  
**NON-URBAN PROPERTIES:** 0

FUNCTION Disability Measure	Council Measure	State Standard	Weighting	Disability Factor
<b>URBAN PROPERTY BASED FUNCTIONS</b>				
STORMWATER DRAINAGE & FLOOD CONTROL (STANDARD COST): \$84.69				
Flood Prone Urban Buildings:	1.00	1.00	1.810	0.0
Levee Measure:	0.00	0.20	0.010	0.0
Stormwater Drainage Index:	2.53	1.00	1.000	152.6
Other:				0.0
			<b>Rounded Total:</b>	<b>153</b>
STREET & GUTTER CLEANING (STANDARD COST): \$38.86				
Non-Res. Urban Props (Excl. Non-Metro LGAs):	4.49%	6.67%	0.500	0.0
Urban Density:	3,525	1,250	0.200	20.0
Other:				0.0
			<b>Rounded Total:</b>	<b>20</b>
STREET LIGHTING (STANDARD COST): \$37.20				
Net Expenditure - Street Lighting:	100	100	1.000	0.0
Other:				0.0
			<b>Rounded Total:</b>	<b>0</b>
<b>NON-URBAN PROPERTY BASED FUNCTION</b>				
NOXIOUS PLANTS & PEST CONTROL (STANDARD COST): \$139.66				
Infestation:	Low	N/A	N/A	0.0
Terrain:	0.0%	N/A	N/A	0.0
Other:				
			<b>Rounded Total:</b>	<b>0</b>



**APPENDIX A**

**LOCAL GOVERNMENT GRANTS COMMISSION  
DISABILITY CALCULATION SUMMARY - 2016-17**

**Mosman (M)**

**ISOLATION ALLOWANCE DATA**

<b>POPULATION:</b>	<b>30,496</b>
Adjusted Population (ceiling = 7,500):	7,500
Distance from Sydney:	0 km
Distance from Nearest Major Regional Centre:	0 km
Per Capita Allowance:	\$0.00
Western Zone Per Capita Allowance:	\$0.00
Total Per Capita Allowance:	\$0.00

**REVENUE ALLOWANCE DATA**

<b>URBAN:</b>	
No. of Properties:	13,201
Standard Value Per Property:	\$315,401
Council Value:	\$848,580
Standard Rate:	0.003982
<b>NON-URBAN:</b>	
No. of Properties:	0
Standard Value Per Property:	\$588,798
Council Value:	\$0
Standard Rate:	0.004819
<b>PENSIONER REBATE ALLOWANCE:</b>	
Pensioner Assessments as a % of Residential Assessments:	5.48%
Standard Percentage:	17.31%

**LOCAL ROADS COMPONENT DATA 2016-17**

Item	Council Measure
Population:	30,496
Local Road Length:	86 km
Length of Bridges on Local Roads:	0 m
Road Allowance (based on Road Length and Population):	\$228,474
Bridge Allowance (based on Bridge Length):	\$0
<b>Total Allowance:</b>	<b>\$228,474</b>

**APPENDIX A**

LOCAL GOVERNMENT GRANTS COMMISSION  
DISABILITY CALCULATION SUMMARY - 2016-17

**Mosman (M)**

**STANDARD COSTS USED IN THE CALCULATION OF EXPENDITURE ALLOWANCES**

FUNCTION	Council Value	State Standard
ADMINISTRATION AND GOVERNANCE	\$307.22	\$198.01
AERODROMES	\$0.00	\$2.83
AGED PERSONS' SERVICES	\$11.08	\$0.83
ANIMAL CONTROL	\$1.93	\$2.54
CEMETERIES	\$0.00	\$0.35
CHILDREN'S SERVICES	\$7.94	\$3.37
COMMUNITY SERVICES	\$21.35	\$12.40
CULTURAL FACILITIES	\$60.17	\$18.33
FIRE CONTROL AND EMERGENCY SERVICES	\$31.58	\$16.54
HEALTH AND SAFETY	\$14.30	\$9.22
LIBRARIES	\$67.52	\$34.16
NOXIOUS PLANTS AND PEST CONTROL (per non-urban property)	\$0.00	\$139.66
PLANNING & BUILDING	\$45.58	\$30.02
RECREATION	\$149.23	\$102.47
STORMWATER DRAINAGE AND FLOOD CONTROL (per urban property)	\$67.87	\$84.69
STREET AND GUTTER CLEANING (per urban property)	\$83.71	\$38.86
STREET LIGHTING (per urban property)	\$27.12	\$37.20

**APPENDIX A**

**LOCAL GOVERNMENT GRANTS COMMISSION  
DISABILITY CALCULATION SUMMARY - 2016-17**

**Mosman (M)**

**STANDARD COSTS USED IN THE CALCULATION OF EXPENDITURE ALLOWANCES**

FUNCTION	Council Value	State Standard
<b>MAINTENANCE - URBAN LOCAL ROADS:</b>		
a) Cost per length (km) of roads in urban/built-up areas for which council is responsible:	(\$24,484.36)	\$20,639.84
b) Urban length (m) per urban property:	6.54	11.11
c) Cost of maintenance of bridges and major culverts per network km of roads:	\$0.00	\$382.81
d) Bridge length (m) per network km of roads:	0.00	0.80
<b>MAINTENANCE - SEALED RURAL LOCAL ROADS:</b>		
a) Cost per length (km) of sealed roads in non-urban areas for which the council is responsible:	\$0.00	\$5,217.40
b) Sealed rural length (m) per non-urban property:	0.00	298.54
c) Cost of maintenance of bridges and major culverts per network km of roads:	\$0.00	\$568.94
d) Bridge length (m) per network km of roads:	0.00	2.24
<b>MAINTENANCE - UNSEALED RURAL LOCAL ROADS:</b>		
a) Cost per length (km) of unsealed roads in non-urban areas for which the council is responsible:	\$0.00	\$2,047.38
b) Unsealed rural length (m) per non-urban property:	0.0	685.93
c) Cost of maintenance of bridges and major culverts per network km of roads:	\$0.00	\$91.17
d) Bridge length (m) per network km of roads:	0.00	0.64

\*\*\*\*\* NOTES \*\*\*\*\*

- \* Unless otherwise shown, costs are per capita, based on ABS estimated resident population data (preliminary), as at 30 June 2015, as determined by the Australian Bureau of Statistics.
- \* The "Council Value" is the unit cost for the Council based principally on 2014-15 Schedule 1 data.
- \* State Standard costs are based on annual State averages costs, which are then averaged over 5 years (2010-11 to 2014-15). Annual average costs exclude extreme values in some cases. Standard costs are not intended to represent an ideal or optimal level of expenditure.
- \* Information on the standard cost for each function is provided for information only and individual council values are generally not used to determine grants.

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**APPENDIXES B, C and D**

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**APPENDIX B**

**LOCAL GOVERNMENT GRANTS COMMISSION  
EXPLANATION OF CALCULATION SUMMARIES – 2016-17**

**INTRODUCTION**

The Commission's general purpose component of the grant calculations is made up of two elements. The revenue element attempts to assess the relative revenue raising capacity of councils. The expenditure element recognises the additional costs faced by councils in providing services because of inherent cost disabilities. Council policy decisions are not considered.

**REVENUE ALLOWANCES**

The calculation of revenue allowances by the commission seeks to compensate councils for their relative revenue raising capacity. Land values are used to rank councils along a continuum ranging from those with the strongest capacity to raise revenue to those that have the weakest capacity.

On the basis of aggregated property information purchased by the Commission from the Valuer-General and information submitted by councils to the Office of Local Government in the annual rating return, the total rateable valuation figure for each council is calculated to a common base date, as at 1 July each year. For the 2016-17 calculations the total figure is an average valuation for the years 2012, 2013, and 2014 with the 2012 and 2013 figures adjusted for changes in the number of properties between these years and 2014. Only the value of rateable property is used in the calculations. Councils are not penalised for non-rateable properties.

The property numbers and valuations for each council are split into urban and non-urban components on the basis of the department's annual rating return.

For the urban component a State average property value is determined based on the weighted average of all councils' values. An average rate-in-the-dollar is determined by dividing the State-wide rate revenue by the State-wide valuation.

The average value of urban properties for the council is compared to the State average value. The difference is multiplied by the number of properties and the State average rate-in-the-dollar to calculate a revenue allowance for urban properties. If the average value of urban properties for the council is higher than the State average the allowance is negative, if it is lower the allowance is positive.

A similar calculation is undertaken for non-urban properties.

The revenue allowances for the urban and non-urban components of each council are then added to give the total notional revenue allowance. The notional revenue allowances are then discounted to give them the same weight as the expenditure allowances.

In the absence of suitable alternative measures for assessing the relative capacity of councils to raise revenue the commission considers the use of land values, with its discounting concession, to be the most equitable method of comparative assessment. Property values provide a good and simple indicator of the relative strength of the economic base of different local government areas. Valuations are somewhat sensitive to market fluctuations across all council areas brought about by circumstances such as drought, population growth or decline, and rising or falling economic activity.



**APPENDIX B**

**LOCAL GOVERNMENT GRANTS COMMISSION  
EXPLANATION OF CALCULATION SUMMARIES – 2016-17**

The general formula for the calculation of revenue allowances is:

$$\text{Revenue Allowance} = Nc \times ts \times (Ts - Tc)$$

where:

- Nc** = number of properties (assessments)
- ts** = standard rate-in-the-dollar
- Ts** = standard value per property
- Tc** = council's value per property.

The standard per property (**Ts**) is calculated as follows:

$$Ts = \frac{\text{sum of rateable values for all councils}}{\text{sum of number of properties for all councils}}$$

The standard tax rate (**ts**) is calculated as follows:

$$ts = \frac{\text{sum of general purpose revenue of all councils}}{\text{sum of rateable values of all councils}}$$

The accompanying summary provides details of the calculation of urban and non-urban revenue allowance for council. Individual council's figures are provided to each council.

**PENSIONER REBATE ALLOWANCES**

An additional allowance is calculated which compensates councils for the cost of the mandatory rebate of rates to pensioners. Positive allowances are calculated for councils with an above average number of eligible assessments as a proportion of residential assessments.

The general formula used to calculate the pensioner rebate allowance is:

$$\text{Pensioner Rebate Allowance} = Rc \times Nc \times (Pc - Ps)$$

where:

- Rc** = the standardised rebate per property for the council
- Nc** = the number of residential properties
- Pc** = the proportion of eligible pensioner assessments for the council
- Ps** = the proportion of eligible pensioner assessments for all councils.

## **APPENDIX B**

### **LOCAL GOVERNMENT GRANTS COMMISSION EXPLANATION OF CALCULATION SUMMARIES – 2016-17**

The standardised rebate for council (Rc) in the above formula is:

$$\text{Standardised Rebate for Council} = 0.25 \times Vc \times Ts$$

where:

**Vc** = the average value per residential property in the council

**Ts** = the standard rate-in-the-dollar for residential properties.

The maximum value for Rc is set at \$125.00.

The attached summary provides details of the calculation of the pensioner rebate allowance for council.

### **EXPENDITURE ALLOWANCES**

Expenditure disability allowances attempt to compensate councils for the extent to which it is expected to cost the council more than the standard council to provide a service due to inherent factors. The policy decisions of councils concerning the level of service provided or whether or not there is a service provided at all, are not considered (effort neutral).

These allowances are the dollar values of the estimated additional costs due to disabilities considered by the commission. There are three elements in the calculation of disability allowances:

**Unit:** measures the number of units to be serviced. For the functions covered by the accompanying notes the units are either population (estimated resident population), urban properties, non urban properties, road and bridge lengths.

**Standard Cost:** is generally five-yearly annual average of net operating costs, per unit, by all councils in the State, for the years 2010-11 to 2014-15.

**Disability Factor:** estimate of the additional cost, expressed as a percentage, of providing a standard service due to inherent disabilities (see the following section for details).

**Expenditure disability allowances** are calculated on the following general formula:

$$\text{Expenditure Disability Allowances} = \text{Unit} \times \text{Standard Cost} \times \text{Disability Factor}$$

Disability allowances for some functions are discounted to take account of specific purpose grants for those functions.

## **APPENDIX B**

### **LOCAL GOVERNMENT GRANTS COMMISSION EXPLANATION OF CALCULATION SUMMARIES – 2016-17**

#### **DISABILITY FACTORS**

Disability factors are used in the calculation of expenditure allowances as part of the expenditure component of the calculations.

A disability factor is the commission's estimate of the additional cost, expressed as a percentage, of providing a standard service due to inherent disabilities.

Inherent disabilities are characteristics of the council area beyond council control. The commission does not compensate councils for cost differences, which arise due to policy decisions of council, management performance, or accounting differences.

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. In addition to disabilities identified by the commission, "other" disabilities relating to individual councils may be determined from council visits or submissions.

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

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

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

$$\text{Disability Factor} = \left[ \frac{\text{Council Value}}{\text{Standard}} - 1 \right] \times 100 \times \text{Weighting}$$

For some disabilities the factor is a set percentage. Where this occurs in the notes the weighting is shown as N/A.

Generally negative scores are not calculated, that is, if the council score is less than the standard, a factor of 0 is substitute. Where negative disability factors are calculated it is shown in the summary. The factors calculated for each disability are then added together and rounded to give a total disability factor for the function.

## APPENDIX B

### LOCAL GOVERNMENT GRANTS COMMISSION EXPLANATION OF CALCULATION SUMMARIES – 2016-17

#### ISOLATION

In addition to the calculation of allowances for each expenditure function, the commission also calculates an allowance for additional costs associated with isolation for all non-metropolitan councils. The isolation allowance is calculated using regression analysis of the additional costs of isolation reported by council and their distance from Sydney and nearest major regional centre. An additional component is included which specifically recognised the additional industrial obligations of councils in western NSW.

A population ceiling of 7,500 was used when calculating the total allowance. This recognises the economies of scale that exist in larger centres, which reduce the cost effects of isolation.

Calculations for **Isolation allowances** are based on the following formula:

$$\text{Isolation Allowance} = Pc \times (Dsc \times K1 + Dnc \times K2 + Ic)$$

where:

- Pc** = the adjusted population for each council (7,500 ceiling).
- Dsc** = the distance from council's administrative centre to Sydney.
- Dnc** = the distance from council's administrative centre to the nearest major regional centre.
- Ic** = the additional per capita allowance due to industrial award obligations (if applicable).

**K1 and K2 are constants.**

The summary attached provides details of the isolation allowance calculated for council.

#### STANDARD UNIT COSTS

The calculation of allowances for expenditure disabilities is generally based on a five year rolling average of annual standard unit costs for each expenditure function. Standard unit costs are based on State average unit cost of the aggregate of net costs reported by all councils. The information is sourced from Special Schedule 1 of councils' financial reports.

The five year averaged standard unit costs for the functions considered in the calculation of grants for 2016-17 are shown on pages 6-7 in the enclosed Appendix A. These standard unit costs do not represent an ideal or optimal level of expenditure. Council's most recent annual unit costs are also shown in Appendix A for information. **Generally, whether a council's unit costs are greater or less than the standard unit cost does not have any direct effect on the grant to the council.** The standard unit costs simply determine the weightings for the particular function in relation to other functions in the calculation of allowances for expenditure disabilities.

**APPENDIX C**

**LOCAL GOVERNMENT GRANTS COMMISSION  
DETAILS OF DISABILITY FACTORS – 2016-17**

**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), Census 2011, usual residents profile.  
 Standard: 2.49%  
 Weighting: 0.005

**Economies of Scale**

Recognises: higher per capita costs of administration for councils with small populations.  
 Measure: a population based score of 100 to 225 is used with councils whose population is greater than 20,000 receiving nil disability and those whose population is less than 1,250 receiving the maximum disability score.  
 Source: ABS, Regional Population Growth, Australia, 2014-15.  
 Standard: 100  
 Weighting: 1.25

**Non-English Speaking Background**

Recognises: additional costs of information provision.  
 Measure: proportion of population born in non-English speaking countries.  
 Source: ABS, Census 2011, usual residents profile.  
 Standard: 18.45%  
 Weighting: 0.01

**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 3.65  
         between 100,000 and 150,000 4.87  
         greater than 150,000 7.30  
 Source: ABS, Census 2011, Census counts for small areas (place of enumeration)  
 Standard: 2.43  
 Weighting: 0.006

**Population: Below Average Growth**

Recognises: additional cost relativities resulting from below average growth.  
 Measure: annual average percentage change in population over the previous five years.  
 Source: ABS, Regional Population Growth, Australia, 2014-15.  
 Standard: 1.29%  
 Weighting: 0.019

**Sparsity**

Recognises: additional costs due to large council areas.  
 Measure: area (sq km) per capita.  
 Source: ABS, Regional Population Growth, Australia, 2014-15.  
 Standard: 0.258  
 Weighting: 0.01



**APPENDIX C**

**LOCAL GOVERNMENT GRANTS COMMISSION  
DETAILS OF DISABILITY FACTORS – 2016-17**

**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: Office of Local Government, Special Schedule 1 (2010-11 to 2014-15); ABS, Regional Population Growth, Australia, 2014-15.  
 Standard: 2.83  
 Weighting: 1.0 (maximum DF of 587)

**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 2014.  
 Standard: 20.93%  
 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 2008, (Recipients of Pensions, Benefits and Family Payments). Postcode data adjusted for council boundaries using ABS concordance.  
 Standard: 13.23%  
 Weighting: 1.2

*Population Distribution*

Recognises: costs of staff travel and duplication of services.  
 Measure: as for Administration.  
 Source: ABS, Census 2011, census counts for small areas.  
 Standard: 2.43  
 Weighting: 0.002

**ANIMAL CONTROL**

*Population Distribution*

Recognises: costs of staff travel and duplication of services.  
 Measure: as for Administration.  
 Source: ABS, Census 2011, census counts for small areas.  
 Standard: 2.43  
 Weighting: 0.070

**CEMETERIES**

*Population Distribution*

Recognises: costs of staff travel and duplication of services.  
 Measure: as for Administration.  
 Source: ABS, Census 2011, census counts for small areas.  
 Standard: 2.43  
 Weighting: 0.015



**APPENDIX C**

**LOCAL GOVERNMENT GRANTS COMMISSION  
DETAILS OF DISABILITY FACTORS – 2016-17**

**CHILDREN'S SERVICES**

*One Parent Families*

Recognises: additional need for child care facilities.  
 Measure: proportion of families classified as "one parent family".  
 Source: ABS, Census 2011 of Population and Housing, selected social and housing characteristics for statistical local areas.  
 Standard: 16.28%  
 Weighting: 0.815

*Population Distribution*

Recognises: costs of staff travel and duplication of services.  
 Measure: as for Administration.  
 Source: ABS, Census 2011, census counts for small areas.  
 Standard: 2.43  
 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 2014.  
 Standard: 6.46%  
 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, Census 2011, usual residents profile.  
 Standard: 2.49%  
 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, Census 2011, usual residents profile.  
 Standard: 18.45%  
 Weighting: 0.125

*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, Census 2011, usual residents profile.  
 Standard: 24.51%  
 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 2008, (recipients of pensions, benefits and family payments). Postcode data adjusted for council boundaries using ABS concordance.  
 Standard: 24.93%  
 Weighting: 0.965

**APPENDIX C**

**LOCAL GOVERNMENT GRANTS COMMISSION  
DETAILS OF DISABILITY FACTORS – 2016-17**

**Population Distribution**

Recognises: costs of staff travel and duplication of services.  
 Measure: as for Administration.  
 Source: ABS, Census 2011, census counts for small areas.  
 Standard: 2.43  
 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 2014.  
 Standard: 13.04%  
 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, 2014-15; Office of Local Government, Special Schedule 1, 2014-15; ABS, Regional Population Growth, Australia, 2014-15.  
 Standard: 11.46  
 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, Census 2011, 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, 2014-15; ABS, ABS, Regional Population Growth, Australia, 2014-15.  
 Standard: 0.054  
 Weighting: 0.026

**APPENDIX C**

**LOCAL GOVERNMENT GRANTS COMMISSION  
DETAILS OF DISABILITY FACTORS – 2016-17**

**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, 2014-15; ABS, Regional Population Growth, Australia, 2014-15.  
 Standard: 24.97  
 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 (2010-11 - 2014-15).  
 Source: Ministry for Police and Emergency Services.  
 Standard: 4.04  
 Weighting: 0.3

**Urban Fire Levy**

Recognises: payment of this levy is the major local government expenditure item.  
 Measure: per capita NSW Fire Rescue contributions.  
 Source: Ministry for Police and Emergency Services, 2014-15.  
 Standard: 9.21  
 Weighting: 0.8

**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, 2014-15.  
 Standard: 5.91  
 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, Census 2011, usual residents profile.  
 Standard: 18.45%  
 Weighting: 0.100

**Population Distribution**

Recognises: costs of staff travel and duplication of services.  
 Measure: as for Administration.  
 Source: ABS, Census 2011, census counts for small areas.  
 Standard: 2.43  
 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: Office of Local Government, Special Schedule 1, 2014-15.  
 Standard: 100  
 Weighting: 0.25

**APPENDIX C**

**LOCAL GOVERNMENT GRANTS COMMISSION  
DETAILS OF DISABILITY FACTORS – 2016-17**

**Vandalism and Crime**

Recognises: additional costs associated with repairing damage to public property.  
 Measure: malicious damage to property incidents per capita.  
 Source: NSW Bureau of Crime Statistics and Research, 2014.  
 Standard: 0.89%  
 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 2014.  
 Standard: 20.93%  
 Weighting: 0.26

**Non-English Speaking Background**

Recognises: additional costs of information provision.  
 Measure: proportion of population born in non-English speaking countries.  
 Source: ABS, Census 2011, usual residents profile.  
 Standard: 18.45%  
 Weighting: 0.1

**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, 2013-14.  
 Standard: 116.63  
 Weighting: 1.0 (maximum DF of 10)

**Population Distribution**

Recognises: costs of staff travel and duplication of services.  
 Measure: as for Administration.  
 Source: ABS, Census 2011, census counts for small areas.  
 Standard: 2.43  
 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, Census 2011, usual residents profile.  
 Standard: 19.45%  
 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:  $R = 58.19 + (730.36 \times a) + (0.00227 \times b)$

Source: Office of Local Government, Special Schedule 1, 2014-15; ABS, Building Approvals, June 2015.  
 Standard: 58.19  
 Weighting: 0.25 (maximum DF of 20)

**APPENDIX C**

**LOCAL GOVERNMENT GRANTS COMMISSION  
DETAILS OF DISABILITY FACTORS – 2016-17**

***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 and 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 and 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, Census 2011, usual residents profile.  
 Standard: 18.45%  
 Weighting: 0.04

***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: Office of Local Government, Financial Data Return, 2014-15.  
 Standard: 2.54  
 Weighting: 0.2 (maximum DF of 30)

***Population Distribution***

Recognises: costs of staff travel and duplication of services.  
 Measure: as for Administration.  
 Source: ABS, Census 2011, census counts for small areas.  
 Standard: 2.43  
 Weighting: 0.017

***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

**APPENDIX C**

**LOCAL GOVERNMENT GRANTS COMMISSION  
DETAILS OF DISABILITY FACTORS – 2016-17**

**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 2014.  
 Standard: 32.50%  
 Weighting: 1.0

**Beach Lifesaving**

Recognises: cost of additional facilities associated with beaches, principally lifesavers.  
 Measure: score based on Commission assessment.  
 Source: Office of Local Government, Special Schedule 1, 2014-15.  
 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 1330 mm receive 5% disability.  
 Source: Bureau of Meteorology, Rainfall Statistics, Australia, 1977 (minimum 30 years of 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: Tourism Research Australia and the 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: 1.112  
 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, 2013-14; Office of Local Government, Special Schedule 1, 2014-15; ABS, Regional Population Growth, Australia, 2014-15.  
 Standard: 11.19  
 Weighting: 0.06



**APPENDIX C**

**LOCAL GOVERNMENT GRANTS COMMISSION  
DETAILS OF DISABILITY FACTORS – 2016-17**

***Non-Resident Use - Recreation***

Recognises: costs of additional services required in regional and tourist centres.  
 Measure: index generally in range 100-125 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 80-100 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, Census 2011, census counts for small areas.  
 Standard: 2.43  
 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, 2014-15; ABS, Regional Population Growth, Australia, 2014-15.  
 Standard: 1.47  
 Weighting: 0.005

**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, 2014-15.  
 Standard: 1.0  
 Weighting: 1.81

***Levee Measure***

Recognises: maintenance of levee banks.  
 Measure: metres of levee banks per urban property.  
 Source: Grants Commission return, 2014-15.  
 Standard: 0.195  
 Weighting: 0.01

**APPENDIX C**

**LOCAL GOVERNMENT GRANTS COMMISSION  
DETAILS OF DISABILITY FACTORS – 2016-17**

**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.  
 Source: Stormwater drainage return, 1987.  
 Standard: 1.0  
 Weighting: 1.0

**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: Office of Local Government, Financial Data Return, 2014-15.  
 Standard: 6.67%  
 Weighting: 0.5 (maximum DF of 20)

**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, 2014-15.  
 Standard: 1,250  
 Weighting: 0.2 (maximum DF of 20)

**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 5 years.  
 Source: Office of Local Government, Special Schedule 1, 2010-11 - 2014-15; NSW Roads and Maritime Services, traffic route light subsidy scheme, 2014-15.  
 Standard: 100  
 Weighting: 1.0

**NOXIOUS PLANTS AND PEST CONTROL**

**Infestation**

Recognises: increased costs in areas of high weed infestation.  
 Measure: Noxious Plant Advisory Board index and the Grants Commission.  
 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  
 Standard: N/A  
 Weighting: N/A

## **APPENDIX D**

### **LOCAL GOVERNMENT GRANTS COMMISSION GUIDELINES FOR SPECIAL SUBMISSIONS IN RELATION TO THE 2017-18 GRANTS**

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#### **1. GENERAL**

All submissions **must** be consistent with the principles which have been adopted by the Commission. The principles are attached in **Table 1**.

Information in the submissions must relate to the year ended 30 June 2016, in order to be compatible with the Grants Commission's **Return of General Information** for that year.

Only recurrent costs should be included; capital costs are to be excluded.

Submissions should be based only on inherent disabilities and problems, which are outside the Council's control. **Additional costs that result from deliberate policy decisions made by council to provide a higher than average standard of service are not considered disabilities.**

Information provided on disabilities should be brief and the costing estimates of the disabilities should be as accurate as is practicable to determine.

It is expected that submissions will generally relate to expenditure disabilities.

If you have further question, then please contact:  
Bruce Wright on (02) 4428 4132 or by email at [bruce.wright@dlg.nsw.gov.au](mailto:bruce.wright@dlg.nsw.gov.au)

Submissions should be e-mailed to the Commission at [grants@dlg.nsw.gov.au](mailto:grants@dlg.nsw.gov.au) as soon as possible, but no later than **30 November 2016**.

#### **2. EXPENDITURE DISABILITIES**

##### **(a) Content**

Details of the Commission's expenditure calculations for the council area are enclosed (See **Appendix A**). This information should be used in assessing whether to make a submission on expenditure disabilities; that is, in assessing whether the particular disabilities of council's area are **already recognised** in the formula. If council believes that disabilities **other than those currently identified by the formula** have an impact on the cost of providing services, then this should be substantiated in the submission.

Similarly, if council believes that the impact of any disability already identified by the Commission is greater than indicated, then the case should be argued in the submission.

It should be noted that water, sewerage and waste management services are not considered.

## **APPENDIX D**

### **LOCAL GOVERNMENT GRANTS COMMISSION GUIDELINES FOR SPECIAL SUBMISSIONS IN RELATION TO THE 2017-18 GRANTS**

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#### **(b) Required Format**

**Table 2** shows the **REQUIRED FORMAT** for submissions on expenditure disabilities. Submissions should be **brief** and include:

- (1) the function affected (using the Commission's functional heading);
- (2) a **brief** description of the disability;
- (3) a **brief** account of the action taken, or which would need to be taken, to deal with that disability;
- (4) the **estimated additional cost** impact of that action.

Where a disability factor affects costs across a number of council functions, separate details should be used showing the cost impact in each function area.

#### **(c) Outcome**

Where the Commission recognises an additional disability raised in a submission, which is particular to one or a small number of councils, their disability factors for that function will be adjusted in the "other" category.

Where an additional disability is recognised which has an impact on a number of councils, the methodology will be adjusted and all councils will be affected according to the extent of the relevant disability.

### **3. REVENUE DISABILITIES**

While the approved principles generally bind the Commission's operation in this area, councils may wish to comment on the current methodology if it is considered that these unfairly disadvantage them.

It should be noted that non-rateable properties are taken into consideration in the Commission's calculation automatically. The loss of revenue from non-rateable properties does not need to be specified in the submission. However, additional net costs associated with services to non-rateable properties may be raised as an expenditure disability.

**APPENDIX D**

**LOCAL GOVERNMENT GRANTS COMMISSION  
GUIDELINES FOR SPECIAL SUBMISSIONS IN RELATION TO THE 2017-18 GRANTS**

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**TABLE 1**

**APPROVED PRINCIPLES**

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.

**APPENDIX D**

LOCAL GOVERNMENT GRANTS COMMISSION  
GUIDELINES FOR SPECIAL SUBMISSIONS IN RELATION TO THE 2017-18 GRANTS

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**TABLE 2**

**REQUIRED FORMAT FOR SUBMISSIONS ON  
EXPENDITURE DISABILITIES**

**EXAMPLE:**

**Function:**

Planning and Building Services

**Disability:**

Land Slip

**Description and Response:**

A proportion of the council area is subject to land slip. This causes **additional** work in the processing of development applications (DAs), estimated to be an additional 3 hours per application.

**Cost Impact:**

450 DAs from potential land slip areas were processed in 2015-16.

The **additional** cost is estimated as:-

450 applications x 3 hours/application x \$45/hour = **\$60,750**