

**Rural & Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Supplementary Budget Estimates 2015 - 2016

**Infrastructure and Regional Development**

**Question no.: 147**

**Program: 3.2 Local Government**

**Division/Agency: Local Government and Territories**

**Topic: Local Government correspondence relating to pause of indexation under the Financial Assistance Grant programme**

**Proof Hansard Page: 131 & 133 (19 October 2015)**

**Senator Gallacher, Alex asked:**

**ACTING CHAIR:** Is it possible to get a list of the councils or LGAs who have contacted the Deputy Prime Minister about this issue?

**Mr Wilson:** Yes. We will take that on notice.

**ACTING CHAIR:** Is it possible to get information about the amount each council nominated that they will be losing through this correspondence?

**Mr Wilson:** We can provide the details of what the councils indicated that they viewed would be the case.

**ACTING CHAIR:** Did the amounts generally match the department's estimations?

**Mr Mrdak:** As we have discussed at length previously, it is very difficult to determine what the implications are, because of the nature of the financial assistance grants process. As we have discussed previously, a number of councils—I think over 40 per cent of councils—had an increase in their financial assistance grants payments in 2015-16, because of the way in which the population estimates do initial allocations. So it is not clear cut that all councils are disadvantaged by the indexation pause.

**ACTING CHAIR:** Can the department provide details of how many government MPs have corresponded with the minister about the cuts to the FAGs.

**Mr Wilson:** Again, we will take that on notice again and provide you with the details.

....

**ACTING CHAIR:** Finally on this matter, has the department received any correspondence relating to local governments having to increase their rates due to the indexation pause on FAGs?

**Mr Mrdak:** We will check whether any of the correspondence raises that particular issue. Again, it depends on decisions made by the local government.

**Answer:**

The Department notes that is not possible to determine individual allocations to local governing bodies' under the Financial Assistance Grant programme across the forward estimates as the quantum of the grant allocated each financial year is determined independently by the local government grants commissions of each state and Northern Territory each year on variables that are currently unknown, unknowable and subject to change.

Councils or local government associations corresponding with the Deputy Prime Minister and Minister for Infrastructure and Regional Development, the Hon Warren Truss MP, on the pause of indexation under the Financial Assistance Grant programme and the amount they nominated would be lost as a result of the pause (as registered in the Department of Infrastructure and Regional Development's Parliamentary Document Management System (PDMS)) between 1 June 2015 and 30 October 2015 is provided at [Attachment A](#).

The Department is aware of four Government Members of Parliament who corresponded with the Deputy Prime Minister on the Financial Assistance Grant programme between 1 June 2015 and 30 October 2015.

Information on whether councils have referenced a rate increase due to the indexation pause is also provided at [Attachment A](#).

**ATTACHMENT A**

<b>PDMS Number</b>	<b>From Council</b>	<b>Date of correspondence</b>	<b>Amount nominated by Council that they expect to lose due to the indexation pause</b>	<b>Reference to a rate increase as a result of the indexation pause</b>
MC15-003801	Shire of Irwin	No date - received in Department on 30/07/2015	No amount identified	No reference provided
MC15-005386	Moorabool Shire Council	20/10/2015	\$98,644 on expectations and a compounding effect of \$4.889 million by 2023-24	No reference provided
MC15-005438	Moyne Shire Council	20/10/2015	No amount identified	No reference provided
MC15-005296	City of Norwood Payneham and St Peters	19/10/2015	No amount identified	No reference provided
MC15-005274	The Barossa Council	15/10/2015	No amount identified	No reference provided
MC15-005155	Town of Cottesloe	13/10/2015	No amount identified	No reference provided
MC15-005170	Shire of Halls Creek	8/10/2015	No amount identified	No reference provided
MC15-005154	Shire of Exmouth	7/10/2015	No amount identified	No reference provided
MC15-005169	Maitland City Council	6/10/2015	\$400,000 over the three years	No reference provided
MC15-005168	City of Ryde	2/10/2015	No amount identified	No reference provided
MC15-005172	District Council of Mount Remarkable	2/10/2015	No amount identified	No reference provided
MC15-005171	Kulin Shire Council	1/10/2015	No amount identified	No reference provided
MC15-005163	Gannawarra Shire Council	29/09/2015	No amount identified	No reference provided

<b>PDMS Number</b>	<b>From Council</b>	<b>Date of correspondence</b>	<b>Amount nominated by Council that they expect to lose due to the indexation pause</b>	<b>Reference to a rate increase as a result of the indexation pause</b>
MC15-005156	Nambucca Shire Council	25/09/2015	\$1.4 million in revenue by 2017-18	No reference provided
MC15-005162	Colac Otway Shire	25/09/2015	No amount identified	No reference provided
MC15-004921	Regional Council of Goyder	24/09/2015	No amount identified	No reference provided
MC15-005161	Horsham Rural City Council	23/09/2015	No amount identified	No reference provided
MC15-005485	The Shire of Donnybrook Balingup	23/09/2015	No amount identified	No reference provided
MC15-005164	Southern Grampians Shire Council	22/09/2015	\$1.2 million for the period 2014-15 to 2016-17	No reference provided
MC15-005166	Hurstville City Council	22/09/2015	No amount identified	No reference provided
MC15-004942	Golden Plains Shire Council	21/09/2015	\$1.5 million over the three years.	No reference provided
MC15-005165	East Gippsland Shire Council	21/09/2015	\$8.1 million	No reference provided
MC15-005167	City of Port Lincoln	21/09/2015	No amount identified	No reference provided
MC15-004985	City of Kalgoorlie-Boulder	16/09/2015	\$184,000	No reference provided
MC15-005158	City of Cockburn	16/09/2015	\$76,000 in 2015-16	No reference provided
MC15-004984	Eyre Peninsula Local Government Association	15/09/2015	No amount identified	No reference provided

<b>PDMS Number</b>	<b>From Council</b>	<b>Date of correspondence</b>	<b>Amount nominated by Council that they expect to lose due to the indexation pause</b>	<b>Reference to a rate increase as a result of the indexation pause</b>
MC15-004941	Gosford City Council	14/09/2015	No amount identified	No reference provided
MC15-005157	Katherine Town Council	11/09/2015	No amount identified	No reference provided
MC15-005160	Tatiara District Council	11/09/2015	No amount identified	No reference provided
MC15-004588	Penrith City Council	7/09/2015	\$3.9m for the general purpose and \$131,000 for the roads component over three years	No reference provided
MC15-004509	Northern Midlands Council	4/09/2015	\$1,413,785.49	Council notes it may increase rates
MC15-004922	Glenelg Shire Council	4/09/2015	No amount identified	No reference provided
MC15-004494	City of Mount Gambier	3/09/2015	\$1.5 million over the three years term	Council notes it may increase rates
MC15-004592	Borough of Queenscliffe	3/09/2015	\$3,895 reduction on previous year's allocation and \$19,000 over the three year period	No reference provided
MC15-004603	Shire of Trayning	3/09/2015	No amount identified	No reference provided
MC15-005159	Shire of Dandaragan	3/09/2015	No amount identified	No reference provided
MC15-004655	Australian Local Government Association	3/09/2015	No amount identified	No reference provided
MC15-004514	City of Adelaide	2/09/2015	No amount identified	No reference provided
MC15-004431	Devonport City Council	1/09/2015	No amount identified	No reference provided
MC15-004504	Kangaroo Island Council	1/09/2015	No amount identified	No reference provided

<b>PDMS Number</b>	<b>From Council</b>	<b>Date of correspondence</b>	<b>Amount nominated by Council that they expect to lose due to the indexation pause</b>	<b>Reference to a rate increase as a result of the indexation pause</b>
MC15-004451	City of Stonnington	31/08/2015	\$330,000 over the next three years	No reference provided
MC15-004503	Derwent Valley Council	31/08/2015	\$253,827	No reference provided
MC15-004344	Shellharbour City Council	27/08/2015	No amount identified	No reference provided
MC15-004353	Kyogle Council	26/08/2015	No amount identified	No reference provided
MC15-004345	Leichhardt Council	25/08/2015	No amount identified	No reference provided
MC15-004346	Shoalhaven Council	24/08/2015	\$6 million reduction in grant income over the coming years	No reference provided
MC15-004296	Carrathool Shire Council	21/08/2015	No amount identified	No reference provided
MC15-004280	Town of Bassendean	20/08/2015	No amount identified	No reference provided
MC15-004265	Goulburn Mulwaree Council	19/08/2015	\$95,000 for 2015-16 compared to 2014-15	No reference provided
MC15-003983	City of Melville	4/08/2015	\$205,000	Council notes it may increase rates
MC15-003941	Shire of Wyalkatchem	3/08/2015	No amount identified	Council notes that it may increase rates
MC15-004018	District Council of Yankalilla	30/07/2015	No amount identified	No reference provided
MC15-003930	Strathfield Council	27/07/2015	No amount identified	No reference provided
MC15-003798	Shire of Cuballing	22/07/2015	No amount identified	No reference provided

<b>PDMS Number</b>	<b>From Council</b>	<b>Date of correspondence</b>	<b>Amount nominated by Council that they expect to lose due to the indexation pause</b>	<b>Reference to a rate increase as a result of the indexation pause</b>
MC15-003762	Huon Valley Council	20/07/2015	No amount identified	No reference provided
MC15-003558	Hawkesbury City Council	13/07/2015	\$160,000 in 2015-16	No reference provided
MC15-003328	Cabonne Council	3/07/2015	No amount identified	No reference provided
MC15-003457	Wyndham City Council	2/07/2015	\$6.1 million in general purpose and \$919,000 in identified local road funding over the three year period	Council notes it may increase rates above CPI
MC15-003279	Australian Local Government Association	1/07/2015	\$925 million by 2017-18	No reference provided
MC15-003627	Port Macquarie Hastings	30/06/2015	No amount identified	No reference provided
MC15-003226	Shire of Wyalkatchem	26/06/2015	No amount identified	No reference provided
MC15-003294	North Burnett Regional Council	24/06/2015	No amount identified	No reference provided
MC15-003329	Hunter's Hill Council	24/06/2015	\$40,000 less than in 2013-14	No reference provided
MC15-003228	Byron Shire Council	15/06/2015	\$78,000	No reference provided
MC15-003214	Noosa Council	4/06/2015	No amount identified	No reference provided
MC15-003211	Fraser Coast Regional Council	3/06/2015	\$2,896,035.87 by 2017-18	No reference provided
MC15-003217	South Burnett Regional Council	1/06/2015	\$2,770,000 by the end of indexation freeze in 2017-18	Council notes that general rate may increase of 12.1 per cent

**Rural & Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Supplementary Budget Estimates 2015 - 2016

**Infrastructure and Regional Development**

**Question no.: 148**

**Program:** 3.2 Local Government

**Division/Agency:** Local Government and Territories

**Topic:** Snapshot of Elliston

**Proof Hansard Page:** 132 (19 October 2015)

**Senator Bullock, Joe and Senator Gallacher, Alex asked:**

**Senator BULLOCK:** I am not going to persist with this too much, but the variables that were applied in a given year that caused that fluctuation up or down are objective. You know what they were because they are events that have happened.

**Ms Fleming:** In fact, Senator, each grants commission takes the 13 principles—they have their own formulas and they vary each year based on a range of priorities, and it is actually very difficult to predict. We can take on notice some analysis about how those numbers, for an individual council, have actually gone up and down over the time frame. It demonstrates the fact that there is no base for some councils; it actually incrementally increases each year. It is more like a zig-zag pattern. I know it does not make logic sense but that is actually how it happens.

**ACTING CHAIR:** So the council of Elliston is one of those council that you mentioned, which is 1,200 ratepayers and many hundreds of kilometres of roads to maintain. Could I have a snapshot of their situation?

**Ms Fleming:** I would have to take that on notice, but yes, we could do that.

**Answer:**

A snapshot for the District Council of Elliston is provided below:

The allocation to the District Council of Elliston is based on the recommendation of the South Australian Local Government Grants Commission in accordance with the set of principles defined under the *Local Government (Financial Assistance) Act 1995*.

**District Council of Elliston from 2011-12 to 2015-16**

Financial Year	Cash Payment*	Total Road Length (km)	No of Rateable Properties	Population
2011-12	\$1,124,101	1,148	1,271	1,154
2012-13	\$1,105,821	1,148	1,275	1,153
2013-14	\$1,139,609	1,148	1,284	1,051
2014-15	\$1,146,061	1,148	1,289	1,068
2015-16	\$1,137,358	1,148	1,270	1,068

\*Figures represent the cash entitlement for each financial year and not actual amounts received by the District Council of Elliston in each financial year due to bring forward decisions by Government.

Funding allocations fluctuate annually between local governing bodies within a state due to factors including remoteness, climate, population, ability to raise revenues, changes to council boundaries, amalgamations and establishment of new local governing bodies.

**Rural & Regional Affairs and Transport Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
**Supplementary Budget Estimates 2015 - 2016**  
**Infrastructure and Regional Development**

**Question no.: 149**

**Program:** 3.2 Local Government

**Division/Agency:** Local Government and Territories

**Topic:** Asbestos interest payment

**Proof Hansard Page:** 141 (19 October 2015)

**Senator Gallagher, Katy asked:**

**Senator GALLAGHER:** What interest has been charged since that agreement was finalised—which was post my time, so I guess it was over the last financial year?

**Ms Fleming:** There is an interest payment at the end of each financial year and capital repayments commence from 2028, I think it is. I do not have my papers with me. Can I take that on notice?

**Answer:**

The first interest payment of \$8,189,691 was made on 30 June 2015.



**Rural & Regional Affairs and Transport Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
**Supplementary Budget Estimates 2015 - 2016**  
**Infrastructure and Regional Development**

**Question no.: 150**

**Program:** 3.2 Local Government  
**Division/Agency:** Local Government and Territories  
**Topic:** Phasing of prospective payments  
**Proof Hansard Page:** 141 (19 October 2015)

**Senator Gallagher, Katy asked:**

**Senator GALLAGHER:** Those interest payments are due right at the end of the financial year—that is the date it is due every year?

**Ms Fleming:** I believe so, but I will take that on notice.

**Senator GALLAGHER:** Okay. On notice also, could you just outline the prospective payments? I do not want to create too much work, so if you have an indicative figure of how that is to be phased—

**Answer:**

Interest rate payments are due by 30 June each financial year.

Prospective interest payments are as follows:

30-Jun-16 -	\$26,786,680
30-Jun-17 -	\$27,075,000
30-Jun-18 -	\$27,075,000
30-Jun-19 -	\$25,721,250
30-Jun-20 -	\$24,367,500
30-Jun-21 -	\$23,013,750
30-Jun-22 -	\$20,306,250
30-Jun-23 -	\$17,598,750
30-Jun-24 -	\$14,891,250

**Rural & Regional Affairs and Transport Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
**Supplementary Budget Estimates 2015 - 2016**  
**Infrastructure and Regional Development**

**Question no.: 151**

**Program:** 3.2 Local Government

**Division/Agency:** Local Government and Territories

**Topic:** Interest rate tied to bond rate

**Proof Hansard Page:** 141 (19 October 2015)

**Senator Heffernan, Bill asked:**

**CHAIR:** Thank you very much for that. Could I just ask a very basic question with regard to that: is the interest rate tied to the bond rate? What interest rate are they paying?

**Ms Fleming:** The interest rate is tied to the bond rate. I would have to take that on notice.

**Answer:**

The interest rate is fixed, based on the Commonwealth's 10 year bond rate published on the Reserve Bank of Australia's website.