

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Department of Regional Australia, Local Government, Arts and Sport

Budget Estimates 24 May 2012

Question: 38

Topic: Bring forward of Financial Assistance Grants payments

Asked By: Senator JOYCE

Type of Question: RRA&T 58

Date set by the committee for the return of answer: 20 July 2012

Number of pages: 1

Senator JOYCE: I understand that, Ms Beauchamp. But with all your knowledge and going around and about, you, more than anybody else, should have been in a position, if a letter was required to be sent off asking for the FAGs grants to be moved forward, to have sent that letter. If you did not send it and nobody else sent it then why did they get it?

Senator Lundy: Perhaps if I could make the point that the minister is very familiar with the stakeholders in his portfolios. I am sure that a prompt from the department in this regard was not a prerequisite to making this government decision.

Senator JOYCE: So how did the Minister—

Senator Lundy: I am saying that the Government and generally the Minister would be familiar with the position their stakeholders were in.

Senator JOYCE: How did the government come to this position? No-one wrote to him -

Senator Lundy: I will have to take that on notice on behalf of the Minister. I am happy to do that.

Answer:

The Minister is advised regularly by the Department, his advisers, key stakeholders, proponents and advocates on the challenges facing communities suffering from natural disasters. The Australian Local Government Association (ALGA), for example, acknowledged on its website, that early payment would assist councils to manage their cash flow and be appreciated by those councils continuing to recover from natural disasters in recent years.

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Department of Regional Australia, Local Government, Arts and Sport

Budget Estimates 24 May 2012

Question: 39

Topic: Local Council Funding

Asked By: Senator MCKENZIE

Type of Question: Written

Date set by the committee for the return of answer: 20 July 2012

Number of pages: 2

The response to QoN #137 says that funding enables each local council" to function at a standard not lower than the average standard within a State and Territory".

- a. Can you please explain this in more detail? How is the average assessed?
- b. How often is the equity of funding arrangements assessed?
- c. How often is the methodology used updated?

Answer:

- a. General information regarding Financial Assistance Grants is available at:
www.regional.gov.au/local/assistance/index.aspx.

Distribution of grants on the basis of "each local council to function at a standard not lower than the average standard within a State and Territory" is determined by estimating the costs each council would incur in providing a normal range and standard service, and by estimating the revenue each council could obtain through the normal range and standard of rates and charges.

The grant is then allocated to compensate for variations in expenditure and revenue to bring councils up to the same level of financial capacity. Local government grants commissions each have their own methodologies for allocating grants to local government in their jurisdiction. A detailed description of each local government grants commission's methodology can be found in Appendix B of the "2008-09 Local Government National Report".

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- b. Local government grants commissions make recommendations to the state minister annually, in accordance with the legislation and their own local priorities, on the quantum of the financial assistance grants allocated to local governing bodies. Distributions are adjusted annually by the local government grants commissions to ensure changes in standard rates and charges are taken into account.

- c. Each local government grants commission has programs for monitoring grant outcomes and refining aspects of their allocation methodologies. Most local government grants commissions have undertaken a major review of their methodologies in recent times; are currently undertaking such examinations; or have such activities planned. A table outlining the status of the most recent major methodology reviews by state (as at 30 June 2009) can be found on p.38 of the “*2008-09 Local Government National Report*”.