

COMMONWEALTH OF AUSTRALIA

DEPARTMENT OF HOUSING AND REGIONAL DEVELOPMENT

LOCAL GOVERNMENT (FINANCIAL ASSISTANCE) ACT 1995 – SUBSECTION 6 (1)

(LGFA/1995-1)

I, BRIAN HOWE, Minister for Housing and Local Government, pursuant to subsection 6 (1) of the Local Government (Financial Assistance) Act 1995 (the Act), HEREBY formulate the attached National Principles for the purpose of allocating among local governing bodies amounts payable to States (other than the Australian Capital Territory) under the Act in the year beginning on 1 July 1996 and later years.

Dated 17th day of October 1995

BRIAN HOWE  
Minister for Housing and  
Regional Development

## **NATIONAL PRINCIPLES FOR THE ALLOCATION OF GENERAL PURPOSE AND LOCAL ROAD GRANTS**

- A.** The National Principles relating to the allocation of general purpose grants payable under Section 9 of the Local Government (Financial Assistance) Act 1995 (the Act) among local governing bodies are as follows:

**1. Horizontal Equalisation**

General purpose grants will be allocated to local governing bodies, as far as practicable, on a full horizontal equalisation basis as defined by the Act. This is a basis that ensures that each local governing body in the State/Territory is able to function, by reasonable effort, at a standard not lower than the average standard of other local governing bodies in the State. It takes account of differences in the expenditure required by those local governing bodies in the performance of their functions and in the capacity of those local governing bodies to raise revenue.

**2. Effort Neutrality**

An effort or policy neutral approach will be used in assessing expenditure requirements and revenue raising capacity of each local governing body. This means as far as practicable, policies of individual local governing bodies in terms of expenditure and revenue effort will not affect the grant determination.

**3. Minimum Grant**

The minimum general purpose grant allocation for a local governing body in a year will be not less than the amount to which the local governing body would be entitled if 30% of the total amount of general purpose grants to which the State/Territory is entitled under Section 9 of the Act in respect of the year were allocated among local governing bodies in the State/Territory on a per capita basis.

**4. Other Grant Support**

Other relevant grant support provided to local governing bodies to meet any of the expenditure needs assessed should be taken into account using an inclusion approach.

**5. Aboriginal Peoples and Torres Strait Islanders**

Financial assistance shall be allocated to councils in a way which recognises the needs of Aboriginal peoples and Torres Strait Islanders within their boundaries.

- B.** The National Principle relating to the allocation of the amounts payable under Section 12 of the Act (the identified road component of the financial assistance grants) among local governing bodies is as follows:

## **1. Identified Road Component**

The identified road component of the financial assistance grants should be allocated to local governing bodies as far as practicable on the basis of the relative needs of each local governing body for roads expenditure and to preserve its road assets. In assessing road needs, relevant considerations include length, type and usage of roads in each local governing area.