

**TERMS OF REFERENCE FOR THE REVIEW OF THE LOCAL  
GOVERNMENT (FINANCIAL ASSISTANCE) ACT 1995**

1 June 2000

Mr Alan Morris  
Chairman  
Commonwealth Grants Commission  
Cypress Court  
5 Torrens Street  
CANBERRA ACT 2612

Dear Mr Morris

I refer to letter from Senator the Hon Ian Macdonald dated 30 May 2000 which I have received in relation to the proposed review of the *Local Government (Financial Assistance) Act 1995*.

Senator Macdonald has asked that I formally convey these terms of reference to you so as to facilitate the commencement of the review of the *Local Government (Financial Assistance) Act 1995*.

Yours sincerely

JOHN FAHEY

TERMS OF REFERENCE FOR THE REVIEW OF THE  
*LOCAL GOVERNMENT (FINANCIAL ASSISTANCE) ACT 1995*

The review under Section 17 of the *Local Government (Financial Assistance) Act 1995* will examine and report on:

- a) the effectiveness of the current arrangements under the Act to achieve the purposes of the Act and the goals in providing the grants that are referred to in Section 3 of the Act;
- b) the appropriateness of the current National Principles and, in particular, the retention of or variations of the minimum grant for the general purpose component in Section 6 of the Act;
- c) the consistency with the National Principles of the methodology and policies used by each of the State and Territory Grants Commissions in distributing funds to councils;
- d) As required by Section 17 of the Act, the review shall also examine and report on:
  - (i) the effectiveness of the arrangements under this Act in relation to ensuring that the allocation of funds for local government purposes is made on a full horizontal equalisation basis as mentioned in paragraph 6(2)(a); and
  - (ii) the impact of the Act on the raising of revenue by local governing bodies and on the assistance provided by the States to local governing bodies; and
  - (iii) the implications of any changes in the functions or responsibilities of local government bodies; and
  - (iv) the eligibility for assistance under this Act of bodies declared by the Minister under Section 4 to be local government bodies.

The Review will not address the interstate distribution of the general purpose and local road grants or the quantum of funds available under the Act.