Item 6.1

Enclosure 2

KIAMA MUNICIPAL COUNCIL

ORDINARY MEETING OF COUNCIL

MINUTE ITEM ATTACHMENTS

Tuesday 20 October 2026

ORDINARY MEETING OF COUNCIL MINUTE ITEM ATTACHMENTS

20 OCTOBER 2026

TABLE OF CONTENTS

ITEM	SUBJECT	PAGE NO
9.1	**Tabling of letter from the Chair of the Local Government Grants Commission on the outcome of the Financial Assistance Grants methodology review**	
	1 Letter from Linda Scott, Chair | Local Government Grants Commission to Mayor, Councillor McDonald	2

Item 6.1

Enclosure 2

Item 9.1 - New Item (9.1) Tabling of letter from the Chair of the Local Government Grants Commission on the outcome of the Financial Assistance Grants methodology review

0 1 - Letter from Linda Scott, Chair | Local Government Grants Commission to Mayor, Councillor McDonald

Local Government Grants Commission

NSW GOVERNMENT

Reference: A1025647

16 October 2026

Dear Mayor,

Financial Assistance Grants methodology review

I am writing to advise you of the outcome of NSW Local Government Grants Commission's (the Commission) review of the methodology used to allocate Financial Assistance Grants to NSW councils.

In response to the clear feedback from councils and peak bodies, the Commission has decided not to implement the draft revised methodology. The existing methodology will continue to apply.

The Commission acknowledges the quality of the submissions and would like to thank the sector for the constructive input received. It also recognises the support provided by the Office of Local Government and the Department of Planning, Housing and Infrastructure throughout the review.

After considering a range of options, the Commission published a draft revised methodology designed to be consistent with the National Principles and to support simplicity, reliability and the equalisation of financial capacity.

As you are aware, the Commission undertook extensive consultation with councils and local government peak bodies. Councils were invited to engagement sessions, and provided with information about the principles and approach underpinning the draft methodology. In addition, all councils were provided with predicted allocations comparing the current and draft model outcomes, and wherever possible, data was shared with councils to support their deliberations. Councils with questions about their predicted allocation were also offered an opportunity to meet with Office of Local Government staff.

The consultation period closed on 9 October 2026, and the Commission considered the feedback at its meeting on 13 October 2026.

T 02 4428 4100 **TTY** 02 4428 4209 **E** grantscommission@olg.nsw.gov.au
Locked Bag 3015 NOWRA NSW 2541
www.olg.nsw.gov.au

Local Government Grants Commission

Consultation attracted a high level of engagement, but the draft model did not receive broad sector support. Of the 102 councils that made submissions, 10 clearly supported the draft model, 54 raised significant concerns or proposed modifications, and 38 opposed the changes.

No peak body, Joint Organisation or union clearly supported the new draft model and, significantly, the NSW Country Mayors submission noted the draft methodology "cannot be supported", and that "Feedback from our Members is that the new methodology should aim to not leave any CMA Member Council worse off than the application of the existing distribution methodology." In the absence of knowledge about future Federal Budget allocations, this can only be achieved by not revising the formula in any way.

If additional Financial Assistance Grants funding becomes available, the Commission may revisit a revised model for the 2029–30 council term, following further consultation with the sector and appropriate transition planning.

The Commission has also asked OLG to examine where it is possible to strengthen the inputs to the existing model by recommending methodologies to uplift the governance and integrity of data, and to review definitions of data to support more assurance that comparisons across councils are meaningful. Your support for this uplift in the data will be essential to improve the quality of the current model.

As in previous years, the Commission will also continue to review the application of caps and collars through its usual process of making recommendations to the NSW Local Government Minister.

Thank you for Council's participation in the review. The Commission values the time and expertise contributed by councils and will keep the sector informed of any further work arising from this process.

Yours sincerely,

[redacted]

Linda Scott
Chair
Local Government Grants Commission

Cc: General Manager

T 02 4428 4100 **TTY** 02 4428 4209 **E** grantscommission@olg.nsw.gov.au
Locked Bag 3015 NOWRA NSW 2541
www.olg.nsw.gov.au