

NT Grants Commission Methodology for 2008/09

- The NT Grants Commission's (NTGC) funding model has been under review since early in 2007.
- At its meeting in May 2007 the NTGC agreed to use three Cost Adjustors rather than the previous 6, to more accurately determine need as part of the NT Grants Commission's Financial Assistance Grants distribution methodology.
- The Local Government Association of the NT (LGANT) agrees with the NTGC's proposal to reduce the number of cost adjustors from six (population, isolation administration, isolation works, dispersion, aboriginality and growth) to three (location, dispersion and aboriginality).
- Following a meeting of the NTGC on 17 & 18 May 2007, a discussion paper on "the effect of Local Government Reform on the Grants Commission Grants Distribution Methodology" was issued to local government bodies in June 2007.
- A positive response was received from the local government bodies.
- At its meeting on 10 and 11 October 2007 the NTGC discussed the following issues:
 - Establish population figures for NT
 - Population for Outstations
 - Revenue/Expenses by Shire
 - Cost Adjustors – Methodology
 - Allocation of funds using the new methodology
- It was decided at the meeting that further work needed to be undertaken on the methodology.
- Members of NTGC have since met out of session to consider further refinements to the methodology.
- Further financial modelling was undertaken in March and April 2008 and the cost adjustors have now been applied to

the most recent income and expenditure reports provided by councils.

- It is anticipated that the new methodology will be finalised in May 2008.
- The Chairman of the NTGC will advise the Minister of the proposed grant allocations to councils for 2008/09 in early June 2008.
- The NTGC has had the municipal councils on notice since 2005 that their grants would reduce and in some cases markedly in 2008/09. Darwin City Council has been on the minimum grant now for 3 years and will therefore not be affected by the changed distribution methodology. The other municipals have been cushioned for the last three years as a result of the 5 year averaging provision previously applied by NTGC.
- The NTGC has developed a grants distribution methodology which is consistent with the national principles of equalisation. The effect is that a greater proportion of the Financial Assistance Grants will be directed at remote communities where services are more difficult and expensive to provide.
- Shire Councils serving larger populations of indigenous people living in dispersed communities across large distances benefit most from the new distribution methodology because they have the greatest need.
- This is also consistent with the policy framework underpinning Closing The Gap in Indigenous Disadvantage.

* Cost Adjustors – The NTGC uses cost adjustors to recognise the increased costs faced by local government bodies, due to demographics and geographical location, to provide services.