



South Australian  
Local Government Grants Commission

# Annual Report 2013 - 14

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The Hon Geoff Brock MP  
Minister for Local Government  
Parliament House  
ADELAIDE SA 5000

Dear Minister

As Chair of the South Australian Local Government Grants Commission appointed under the *South Australian Local Government Grants Commission Act 1992*, I have pleasure in presenting you with the Commission's Annual Report for 2013-14.

Yours sincerely



Mary Patetsos  
CHAIR

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## CHAIR'S INTRODUCTION

The main function of the South Australian Local Government Grants Commission is to make recommendations to the Minister for Local Government on the distribution of untied Commonwealth Financial Assistance Grants to local governing authorities in South Australia. Recommendations are made in accordance with the Commonwealth *Local Government (Financial Assistance) Act 1995* (the Act).

In 2013-14, the Commission made recommendations on the distribution of Financial Assistance Grants for 2014-15 totalling almost \$153 million. Of this, \$114 million was provided for general purpose grants and \$38.7 million provided for identified road grants. This represents a decrease in general purpose grants from the previous year of -0.9 percent and the same proportion of identified road grants as the previous year, resulting in an overall decrease of -0.67 percent over the previous year.

In May 2014 as part of the 2014-15 Federal Budget, the Australian Government "paused" the indexation (the annual increase in the pool of available funding based on both CPI changes and population growth) of the Financial Assistance Grants programme for three years to 2016-17. In addition, funding provided under the Supplementary Local Roads Funding program was not renewed as part of the 2014-15 Federal Budget. The loss of this funding has had a significant impact on local governing authorities in South Australia.

State shares for the distribution of the general purpose grants are determined on an equal per capita basis and the Act provides for the continuation of this arrangement. South Australia and the other less populous states have continued to maintain a firm stance on these arrangements for a number of years, holding the view that distribution of grant funding on an equalisation basis would be a more equitable and economically efficient method of allocating Commonwealth funding.

The Commission endeavours to continually improve its methodology in allocating funds to local governing authorities and a major review of the Commission's methodology, the first major, "all encompassing" review since 1996-97 was undertaken during 2012-13 by KPMG.

In the interim, issues relating to the consistency of libraries data continued to concern the Commission, and the assessment of libraries on the Revenue and Expenditure sides of the Commission's calculations continued to be excluded from the calculations for 2014-15 pending the outcomes of the review.

As a result of the 2014-15 Federal Budget measures, the Commission reduced general purpose grants to over three quarters of the States local governing authorities by around 1% and increases in grants to one quarter of councils in the greatest need were generally capped at 0.5%.

The Commission annually collects a broad range of financial and other data from local governing authorities in South Australia. Fundamentally, this data is used in the grant calculations, but the Commission also provides data to assist councils and other levels of government (and the private sector) in planning, reporting and managing projects affecting the local government sector.

Information collected by the Commission is used by the Local Government Association (LGA), the Australian Bureau of Statistics, the State Government and other government organisations for planning and reporting services and the Commission continued to work closely with these organisations during 2013-14.

In keeping with progressive updates made in previous years, the Commission's Supplementary Return was again updated in 2013-14 to reflect changes in the Model Financial Statements used by the local government sector.

After being moved from the Department of the Premier and Cabinet in early 2013-14 as part of machinery of government changes, the Commission's work was supported by resources provided by the Department of Primary Industries and Regions SA (PIRSA) for the remainder of 2013-14. The Commission was then moved again to the Department of Planning, Transport and Infrastructure late in the year. The Commission's annual work program with the Department is supported under the terms of a Service Level Agreement.

Staff committed to support the Commission include our Executive Officer, Peter Ilee, Senior Project Officer, Alex Sgro who returned to the Commission in January 2014 and part-time Project Officer, Lyn Skouborg.

After a long period as the LGA Member Nominee on the Commission, Councillor John Ross (Tatiara Council) retired from the Commission in January 2014. Mayor Richard Vickery (also from Tatiara Council) took over from Cr Ross and will assume responsibility for the position for the duration of Cr Ross' appointment in September 2014.

In closing, I would like to acknowledge the efforts of Commissioner John Ross for his significant contribution to the Commission since 2005 and wish him well for the future. Thanks also to Commissioners Jane Gascoigne, Richard Vickery and Commission staff; Peter, Alex and Lyn for their contributions during the year.

MARY PATETSOS  
CHAIR

## **CHAPTER 1 - THE COMMISSION**

### **Membership**

The South Australian Local Government Grants Commission is an independent statutory authority established under the *South Australian Local Government Grants Commission Act 1992*, which provides for three members who are appointed in a part-time capacity by the Governor. Members are appointed for terms of up to five years. At the conclusion of this time members are eligible for renomination.

Members during 2013-14 were:

- Mary Patetsos, Chair from 11 August 2010 until 10 August 2015, joint nominee of the Local Government Association and Minister for State/Local Government Relations and a Commissioner since 2002;
- Jane Gascoigne, Commissioner from 1 August 2010 to 31 July 2016, nominee of the Minister for Local Government;
- John Ross, Commissioner from 23 September 2010 until 5 January 2014, nominee of the Local Government Association and a Commissioner since 2005; and
- Richard Vickery from 13 February until 22 September 2014, nominee of the Local Government Association.

For member profiles see *Appendix I*.

### **Location**

The Commission's office is located on Level 14, 25 Grenfell Street, Adelaide. Telephone (08) 8226 0404. E-mail: [grants.commission@sa.gov.au](mailto:grants.commission@sa.gov.au).

### **Staff**

The Commission is provided with administrative support by the Department of Primary Industries and Regions SA (PIRSA). The Commission has a dedicated full time Executive Officer, Peter Ilee, Senior Project Officer, Alex Sgro and a part-time Project Officer, Lyn Skouborg.

Additional support for the Commission is provided as needed by the Department under the terms of a Service Level Agreement. Staff supporting the Commission are employees of PIRSA.

### **Purpose**

The Commission is responsible for making recommendations to the Minister for Local Government on the distribution of untied Commonwealth Financial Assistance Grants to local governing authorities in South Australia in accordance with State and Federal legislative requirements, which are set out in *Chapter 3*.

### **Reporting Arrangements and Funding**

Administratively, staff of the Commission report to the Director Regions, PIRSA.

The Commission's operations are funded by the State Government from annual budget appropriations. A copy of the Commission's Financial Statements is included in *Appendix XI* of this report.

### **Freedom of Information**

The Commission's Executive Officer is the Principal Officer as defined in the *Freedom of Information Act 1991*. An appointment can be made by phoning (08) 8226 0404 during office hours.

No requests under the *Freedom of Information Act 1991* were received in 2013-14. In accordance with Section 9 of the Act an information statement is provided at *Appendix II*.

### **Commission Meetings**

The Commission and its staff generally meet on a monthly basis and at other times, as required. A summary of Commission meetings held during 2013-14 is provided below.

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<b>Meeting Date</b>	<b>Meeting Participants</b>
19 July 2013	<p><b>Commissioners</b> Ms Mary Patetsos (C), Ms Jane Gascoigne <i>Absent:</i> Mr John Ross.</p> <p><b>Attendees</b> Mr Peter Ilee (EO) and Ms Lyn Skouborg.</p>
28 August 2013	<p><b>Commissioners</b> Ms Mary Patetsos (C), Ms Jane Gascoigne <i>Absent:</i> Mr John Ross.</p> <p><b>Attendees</b> Mr Peter Ilee (EO) and Ms Lyn Skouborg. <i>Apologies:</i> Mr Bengy Paolo.</p>
23 October 2013	<p><b>Commissioners</b> Ms Mary Patetsos (C), Ms Jane Gascoigne <i>Apologies:</i> Mr John Ross.</p> <p><b>Attendees</b> Mr Peter Ilee (EO), Ms Lyn Skouborg and Mr Bengy Paolo.</p>
27 November 2013	<p><b>Commissioners</b> Ms Mary Patetsos (C), Ms Jane Gascoigne <i>Apologies:</i> Mr John Ross.</p> <p><b>Attendees</b> Mr Peter Ilee (EO), Ms Lyn Skouborg and Mr Bengy Paolo.</p> <p><i>Invited Guest:</i> Mayor Richard Vickery.</p>
17 December 2013	<p><b>Commissioners</b> Ms Mary Patetsos (C), Ms Jane Gascoigne <i>Apologies:</i> Mr John Ross.</p> <p><b>Attendees</b> Mr Peter Ilee (EO), and Ms Lyn Skouborg <i>Apologies:</i> Mr Bengy Paolo</p> <p><i>Invited Guest:</i> Mayor Richard Vickery.</p>
26 February 2014	<p><b>Commissioners</b> Ms Mary Patetsos (C), Ms Jane Gascoigne and Mr Richard Vickery <i>Apologies:</i> Mr John Ross.</p> <p><b>Attendees</b> Mr Peter Ilee (EO), Mr Alex Sgro and Mr Bengy Paolo <i>Apologies:</i> Ms Lyn Skouborg</p>
31 March 2014	<p><b>Commissioners</b> Ms Mary Patetsos (C), Ms Jane Gascoigne and Mr Richard Vickery</p> <p><b>Attendees</b> Mr Peter Ilee (EO), Mr Alex Sgro and Mr Bengy Paolo <i>Apologies:</i> Ms Lyn Skouborg</p>

- 7 May 2014            **Commissioners**  
Ms Mary Patetsos (C), Ms Jane Gascoigne and Mr Richard Vickery
- Attendees**  
Mr Peter Ilee (EO), Ms Lyn Skouborg, Mr Alex Sgro and Mr Bengy Paolo
- 11 June 2014        **Commissioners**  
Ms Mary Patetsos (C), Ms Jane Gascoigne and Mr Richard Vickery
- Attendees**  
Mr Peter Ilee (EO), Ms Lyn Skouborg and Mr Mick Petrovski  
*Apologies:* Mr Bengy Paolo and Mr Alex Sgro
- 25 June 2014        **Commissioners**  
Ms Mary Patetsos (C), Ms Jane Gascoigne and Mr Richard Vickery
- Attendees**  
Mr Peter Ilee (EO), Ms Lyn Skouborg and Mr Bengy Paolo  
*Apologies:* Mr Alex Sgro

(C) Denotes Chair (or Presiding Member).  
(EO) Denotes Commission's Executive Officer



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## CHAPTER 2 - COMMISSION ACTIVITIES 2013-14

### Grant Allocation

The total 2013-14 allocation of \$152,919,403 was increased following the end of the financial year by \$811,749 after adjustment for CPI and population. This increase will be passed on to councils in the four quarterly instalments during 2014-15. The actual allocation figure, which includes the adjusted 2013-14 allocations, is shown in *Appendix III*.

For 2014-15 the Commission made recommendations on the distribution of \$152,694,594 that included both general financial assistance grants and identified local road grants. A full list of allocations is contained in *Chapter 6*.

The pool of grant funding for South Australia reduced for 2014-15 due to the Australian Government pausing the indexation (increases in grants based on CPI and population growth) of the Financial Assistance Grants programme for three years to 2016-17 as part of the 2014-15 Federal Budget.

The Supplementary Local Road Funding program was not renewed by the Australian Government as part of the Federal Budget. The combination of these two factors will have a significant impact on local governing authorities in South Australia.

The general financial assistance component was \$114,036,315, a reduction of -0.90 percent over 2013-14. The identified local road component was \$38,658,279, a zero percent increase over 2013-14.

Allocations were prepared in accordance with national distribution principles, under the Commonwealth *Local Government (Financial Assistance) Act 1995*. The principles are detailed in *Chapter 4*.

### Methodology Review (ongoing refinement)

During 1997-98 the Grants Commission completed the first stage of a major review of its general purpose grant methodology. The new methodology was introduced in line with the grant allocations for 1998-99. Changes were phased in over a seven-year period, concluding in 2004-05.

This comprehensive review of the general purpose grant methodology highlighted the need to focus further work on a range of factors associated with roads, in particular the differences between councils in the cost of reconstruction and maintenance of roads and accurately reflecting councils' road lengths.

During 1999-00, the Commission sought the assistance of consultants in undertaking an audit of councils' road length data. This enabled the Commission to map all councils' road network data into a Geographical Information System (GIS) format. This consistently mapped framework provided a firm foundation for future work.

The consultants worked closely with the data councils supplied to the Commission as part of their General Information Return i.e. road maps and summary data on road lengths by type. The consultants then liaised with councils over the data, to ensure that the information the consultants were mapping was accurate.

While the Commission used the outcome of the road length audit in the allocation of the 2000-01 general purpose grants, the Commission believed that the data would need further refinements and an ongoing commitment to its maintenance.

Early in 2001, the Commission engaged the services of an Engineer on a part time basis to refine the road length data (following updates supplied to the Commission by councils), and address other ongoing engineering related concerns and to authenticate the data used in the calculation process.

The revisions to the road length data (as at 30 June 2012) were used in the calculation of the 2013-14 financial assistance grants. An updated list of road lengths can be found in *Appendix VIII - Units of Measure - Expenditure*.

A by-product of the road length audit process has been the production of detailed maps by council, prepared in a GIS format, consistently mapped across the State. The Commission was again able to give councils a copy of their map for their own use, either in hard copy or GIS format.

A listing of road lengths by council by surface type can be found at *Appendix IV*.

Work commenced in 1999 into the factors influencing councils' road reconstruction and maintenance costs and this was continued in 2003-04. The Cost Relativity Indices (CRI's) established in 1999, took into account four of the five factors the Commission believed were influencing councils' road reconstruction and maintenance costs.

These five factors were soil, rainfall, drainage, materials haulage and traffic volume. As a result of the 1999 review, the methodology used for calculating councils' CRI's was refined, however there has been insufficient data to reliably incorporate the influence of traffic volumes in the CRI's. The Commission continues to believe that traffic volume has a significant impact on the deterioration of the local road network and will continue to explore the use of traffic volume in the future.

A project was commenced in October 2002 to review the indicator used in the methodology to reflect councils' capacity to raise revenue from its community. At the time, the Commission used property values as the sole indicator. The objective of this project was to develop an alternative indicator or an index, which could be used in conjunction with property values, and which would provide, as far as possible, an objective reflection of the capacity of individual councils to raise revenue from their communities.

Following further research, the circulation of a summary of findings paper and a consultation workshop, the review concluded in early 2004, with the outcomes used in the calculations for the 2004-05 and 2005-06 grant recommendations.

2005-06 saw the Commission embark on a project to review the expenditure assessments used in the current methodology. Tony Ward of Milbur Consulting Pty Ltd worked with the Commission to review two related aspects of the expenditure assessment.

Part one of the project involved the examination and documentation of the method of depreciation used by local government in South Australia and the benefit, or otherwise, of its inclusion into the Commission's calculations.

Part two of the project required an examination of the range of expenditure functions included in the Commission's assessments at the time and the potential to either include additional expenditure functions or expand the existing functions to include an additional range of expenditure data.

A Reference Group comprising representatives from rural and metropolitan councils, the Local Government Association and Department of Treasury and Finance was formed to assist with the process. Two workshops were conducted which involved council consultation and participation.

Work undertaken in 2006-07 saw the Commission incorporate the results from the methodology review. The inclusion of depreciation in place of capital expenditure and an expansion of the range of expenditure functions were incorporated in the assessment for the 2007-08 grant calculations.

In 2007-08, staff continued to research and develop drivers for those expenditure functions where suitable drivers were not found. As a result, the expanded expenditure functions were included in the 2008-09 grant calculations.

The Commission also undertook a review of the cost relativity indices (previously known as disability factors) for the stormwater maintenance expenditure function. The object of the review was to enhance and update the cost relativity indices (CRI's) and review the cost driver to provide a more objective and accurate assessment of the relative advantage/disadvantage experienced by each local governing authority in the State in relation to maintaining stormwater. Rod Ellis and Drew Jacobi of Tonkin Consulting worked with the Commission to review the CRI's.

As part of the review, a reference group with representatives from councils and the Department of Transport, Energy and Infrastructure was established to assist with the development of the updated CRI's.

During 2009-10, the Commission examined the effects of drought and economic conditions on property valuations and responded to calls from a number of councils experiencing growth by commencing an investigation into the effects of growth in local government.

An analysis of the effects of decreasing property valuations, revealed that no significant impact had been felt by councils in the region and that the Commission's current methodology adequately accounted for changes in councils' capacity to raise revenue if property valuations decreased.

In terms of growth within Local Government, the Commission consulted with a number of councils to gain an understanding of the impacts of growth, undertook an analysis of the use of growth within the

methodologies of Grants Commissions in other jurisdictions and identified a number of options for modifying the Commission's current methodology to take into account the effects of growth.

In 2010-11, the Commission continued its work on the issue of growth within Local Government, engaging the services of the Emeritus Professor Cliff Walsh to continue the work of the previous year and make a final recommendation to the Commission.

Professor Walsh undertook an in-depth investigation into the effects of growth, including the analysis of council financial data provided by the Commission, the Commission's existing methodology and population forecasts provided by the Department of Planning and Local Government.

A workshop was held with Councils to identify those areas of Council operations most effected by growth and further liaison took place with the South Australian Department of Treasury and Finance, the Department of Planning and Local Government and the Commonwealth Grants Commission.

Other methodological issues addressed in 2010-11 included an analysis of the costs of airports and airstrips to Local Government, a review of the Library Services and Sport and Recreation Expenditure Functions and further work on the issue of traffic volumes.

Data provided by councils on expenditure for airports and airstrips continue to indicate that the sector makes an overall profit from this activity, i.e., the standard cost across the State is negative. The Commission has resolved to undertake further work on this issue.

In terms of traffic volumes, the Executive Officer reviewed previous work undertaken in 2002-03, surveyed councils to understand the availability of current datasets and also liaised with engineering firm Tonkin Consulting in an attempt to develop a cost relativity index to account for traffic volumes on local roads. The findings of this work identified a continued lack of consistent and regular traffic volume data from all councils as well as differing road hierarchy information across councils.

A review of the Library Services expenditure function raised significant concerns over the consistency of data on the number of library visitors provided to the Commission. The Commission decided that this function and its associated Revenue Assessment (library subsidies) would be removed from the methodology for the 2011-12 round of grants and this continues to be the case.

Finally, a review of the Sport and Recreation Expenditure Function following feedback received at council visits resulted in a change to the Unit of Measure (or cost driver) for this function. The Unit of Measure changed from the proportion of the council's population aged between 5 and 49 years to the proportion of council's population aged between 5 and 64 years.

As a result of the significant amount of work done during 2010-11 and the results of the investigations into the effects of growth, the Commission resolved to undertake a major review of its methodology during the next two years.

During 2011-12, the Commission consulted with the Commonwealth Grants Commission to identify areas of the methodology that it might focus on for its full review. Terms of Reference were developed and the Commission received the approval of the Minister for State/Local Government Relations to go to open tender to engage a suitable consultant to conduct the review.

During 2012-13, KPMG were appointed to conduct the methodology review. In accordance with Terms of Reference established by the Commission, KPMG reviewed all elements of methodology used by the Commission to calculate the general purpose grants as well as grants provided to the 5 Aboriginal Communities and the Outback Communities Authority.

KPMG consulted widely during this process, engaging with stakeholders that included local governing authorities, the Local Government Association of South Australia and State and Australian Government agencies. KPMG presented its final reports and provided over 20 recommendations to the Commission for its consideration in June 2013.

While the Commission has been required to address other immediate priorities in the time since the review was completed, Commission Staff have been working on a number of the recommendations during 2014.

The Commission will undertake modelling a number of the recommendations and plans to consult further with the Reference Group (and any other interested council representatives) early in 2015.

## Information Collection and Storage

The Commission previously forged a close relationship with the former OSLGR to develop and maintain an electronic database for storing data relating to local government. The information is used by the Commission for calculating grants and for providing information to councils and other users.

The current database contains information including data from annual financial statements and supplements to those statements dating back to 2007-08. Data prior to 2007-08 is held in an older database, at pre-amalgamated council level where appropriate.

Other data maintained by the Commission includes:

- Rates information;
- Estimated Resident Population;
- Council Area Data;
- Valuation Data;
- Council Employee Data;
- Road Length Data;
- Health Inspection Data;
- Development Application Data;
- Waste Management Data;
- Environmental Management Data;
- Subsidiary Data; and other data collected from Commonwealth and State Government agencies.

Data collected by the Commission in the Supplementary Return is reconciled with Audited Financial Statements for accuracy. Data provided in the General Information Return is checked against the previous year's data for variations before being loaded into the Commission's database and reconciled for accuracy. In addition to being used by the Commission to make recommendations on the distribution of grants, the Commission and the OSLGR provides a significant amount of data back to stakeholders, including (but not limited to):

- Councils;
- The Local Government Association;
- The Government of South Australia;
- The Commonwealth Department of Regional Australia, Local Government, Arts and Sport;
- The Commonwealth Department of Infrastructure and Regional Development; and
- The Australian Bureau of Statistics.

The Commission also maintains a Geographical Information System, road centreline database. Following the transition of the Commission to PIRSA as part of the machinery of government changes, the database was moved from Tonkin Consulting, to the Spatial Information Services unit in PIRSA. The database is updated each year based on information provided by councils.

A by-product of the road length audit process was the development of the Geographical Information System (GIS) in Arc Info. This year, the updated information was disseminated via a secure workspace electronically; however hard copy maps and/or data files were made available to councils by request. GIS data is also available in other formats, e.g. MapInfo.

## Council Visits

The Commission undertakes regular visits to councils to provide information and the opportunity for discussion about the grant allocation process. The Commission greatly values these occasions because of the contribution they make to improve the relevance of the grant process.

During 2013-14, the Commission continued with its visiting program. Commission members and staff attended 12 meetings at the councils listed below. In addition to these meetings, the Commission's Executive Officer met with some Chief Executive Officers and Finance Managers at the Commission's city offices to discuss methodological issues and grant allocations.

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### Visited in September 2013

District Council of Barunga West  
District Council of Copper Coast  
Wakefield Regional Council  
Yorke Peninsula Council

### Visited in October 2013

District Council of Karoonda East Murray  
Mid Murray Council  
Rural City of Murray Bridge  
Southern Mallee District Council

### Visited in May 2014

Clare & Gilbert Valleys Council  
Goyder Regional Council  
Northern Areas Council  
Port Pirie Regional Council

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## **Special Local Roads Program and the Local Government Transport Advisory Panel**

The Special Local Roads Program was established under the joint approvals of the South Australian Government, Commonwealth Government and Local Government. The Special Local Roads Program commenced in 1985-86 and facilitates funding of significant works throughout the State.

Responsibility for preparation and monitoring of a continuing program of projects rested with the Local Roads Advisory Committee until December 2004, when at the request of the LGA, responsibility moved to the Local Government Transport Advisory Panel.

The Local Government Transport Advisory Panel is a Committee of the LGA, who provide executive support. The Committee's main role is to make recommendations to the Grants Commission on the allocation of the Special Local Roads component of the Financial Assistance Grants and the Commonwealth's Roads to Recovery Program. Formal reporting of funding allocations is contained within *Chapter 6* of this report.

The Committee comprises Mayor Brian Hurn, (Mayor, Barossa Council), as Chairperson, Mr Phil Lawes (A/Director, Road Policy and Planning, Department of Planning, Transport and Infrastructure), Wally Iasiello (Director, Technical Services, City of Port Adelaide Enfield), Mayor Kym McHugh (Alexandrina Council) and Mr Peter Ilee (Executive Officer, SA Local Government Grants Commission). The Committee's Executive Officer is Mr David Hitchcock, Director, Infrastructure, Local Government Association.

Each year the Committee calls for submissions from Local Government Regional Associations, which are asked to determine regional priorities within their areas.

For 2014-15, \$5.799 million will be allocated to specific projects under the Financial Assistance Grants program, and \$4.260 million from the Special Projects component of the Roads to Recovery Grants. In total \$10.059 million will be allocated to 22 projects across the State for 2014-15. The funding allocation was reduced due to the Australian Government withdrawing the Supplementary Local Road funding as part of the 2014-15 Federal Budget.

### **Local Roads Advisory Committee**

The Local Roads Advisory Committee is a committee of Transport SA. It no longer has a role to play in making recommendations to the Grants Commission on the prioritisation of roads for funding under the Special Local Roads Program.

It does however still have responsibility for advising the Minister for Transport, Energy and Infrastructure on the reclassification of roads. For example, where a council wishes a road to be reclassified from local to arterial, this request would go to the Local Roads Advisory Committee.

The Committee comprises Mayor Brian Hurn, (Mayor of the Barossa Council) as Chairperson, Mr Don Hogben (Director, Road Policy and Planning, Department of Planning, Transport and Infrastructure), and Mr Peter Ilee (Executive Officer, SA Local Government Grants Commission). The Committee's Executive Officer is Mr Silvio Visentin, a Senior Project Officer of the Department of Planning, Transport and Infrastructure.

### **Matters Referred By the Minister**

Under Section 20 of the State Act, the Minister for Local Government may refer matters to the Commission for report. There were no references to the Commission under this section during 2013-14.

### **The Year Ahead**

The Commission endeavours to continually improve its methodology in allocating funds to local governing authorities.

During 2014-15, the Commission will undertake modelling based on the recommendations of the KPMG methodology review.

Collection and dissemination of South Australia's Local Government Finance Statistics will again be a major focus in 2014-15. The Commission will continue to work with the data working group (LGA, Office for State/Local Government Relations, Local Government Financial Management Group and the Australian Bureau of Statistics) on standardising data collection forms and making the provision of information as easy as possible for councils.

The Commission continued a strong collaborative relationship with the LGA during 2013-14, introducing a number of strategies to improve its data collection and reduce its reliance on the Australian Bureau of Statistics. This will continue in 2014-15.

Accurate road length data is an essential element in the grant calculations. Existing data stored on the Commission's Geographical Information System (GIS) will continue to be refined in association with councils during the year.

In 2014, the updated information was disseminated via a secure workspace electronically; however hard copy maps and/or data files were made available to councils by request. GIS data is also available in other formats, e.g. Map Info. The Commission will continue to investigate and improve on the process of disseminating the road length data to councils.

Understanding the needs and funding requirements of Aboriginal Communities is an ongoing responsibility of the Commission. The Commission will continue to monitor developments in the administration of the Aboriginal Communities in 2014-15 and respond to changes in grant funding in line with the National Principles as necessary.

The Commission will also continue with its council visiting program in 2014-15 and is planning to visit the remote Aboriginal Communities, Coober Pedy and Roxby Downs councils. These sessions provide a unique opportunity to discuss the grant allocation process. The Commission values the chance to educate councils on methodology details, and to be educated on specific issues facing council.

## CHAPTER 3 - LEGISLATIVE FRAMEWORK

### Commonwealth Local Government (Financial Assistance) Act 1995

The Commonwealth *Local Government (Financial Assistance) Act 1995* came into effect on 1 July 1995.

The Act provides for:

- a per capita distribution (to the States) for the general financial assistance component;
- the continued separate identification of local road funding and maintenance of existing state shares for that funding;
- a national report on the operation of the Act, specifically the achievement of horizontal equalisation, the methods used by the Commissions, the performance of councils including their efficiency, and the provision of services to Aboriginal & Torres Strait Islander communities; and
- a set of national principles governing the distribution of grants between councils replacing the previous state by state principles. The principles, which provide for a distribution based on horizontal fiscal equalisation (subject to the minimum grant entitlement), are discussed in detail in *Chapter 4*.

The Commission allocated the grants for 2014-15 in accordance with these principles.

Detailed information about Financial Assistance Grants to Local Government since 1976 may be found in previous annual reports of the Commission, in special reports of the Commonwealth Grants Commission and in the report of the National Inquiry into Local Government Finance, 1985.

Distribution of the general financial assistance component to States is on a per capita basis. South Australia's share has been reducing as its population as a proportion of the Australian population declines, (see Table 1). State shares of identified local road funding are based on those existing prior to 1991-92, and South Australia receives less than a per capita share, see Table 2.

The total level of grants to Local Government in 2014-15 was reduced due to the Australian Government pausing the indexation (the annual increase in the pool of available funding taking into account CPI and population growth) of the Financial Assistance Grants programme for three years to 2016-17 as part of the 2014-15 Federal Budget. The Supplementary Local Road Funding program was also not renewed under the Budget, significantly impacting on the grant allocations to local governing authorities.

Entitlements for all States for 2013-14 and for 2014-15 are set out in Tables 1 and 2 overleaf.

**TABLE 1 - Commonwealth General Purpose Financial Assistance for Local Government, State and Territory Entitlements 2013-14 and 2014-15**

State	2013-14					
	Proportion (%)	Original Allocation (Estimate) (\$mill)	Brought Fwd Pmt Paid in 2012-13 (\$mill)	Revised Allocation (Estimate) (\$mill)	Adjustment (\$mill)	Allocation Actual (\$mill)
New South Wales	32.09	505.74	252.52	253.22	2.87	508.61
Victoria	24.80	390.97	195.26	195.70	2.17	393.14
Queensland	20.13	317.36	158.48	158.88	1.67	319.03
Western Australia	10.80	170.19	84.99	85.20	1.13	171.32
<b>South Australia</b>	<b>7.26</b>	<b>114.48</b>	<b>57.20</b>	<b>57.27</b>	0.60	<b>115.07</b>
Tasmania	2.24	35.30	17.65	17.66	0.18	35.49
Northern Territory	1.03	16.31	8.14	8.16	0.14	16.45
Australian Capital Territory	1.66	26.10	13.02	13.08	0.08	26.18
<b>TOTAL</b>	<b>100.00</b>	<b>1,576.44</b>	<b>787.26</b>	<b>789.18</b>	<b>8.85</b>	<b>1,585.28</b>

State	2014-15			% change 13/14 to 14/15 (%)
	Proportion (%)	Allocation (Estimate) (\$mill)	Cash Payment (\$mill)	
New South Wales	32.02	507.58	510.45	(0.20)
Victoria	24.84	393.73	395.90	0.15
Queensland	20.12	318.94	320.61	(0.03)
Western Australia	10.94	173.43	174.56	1.23
<b>South Australia</b>	<b>7.19</b>	<b>114.04</b>	<b>114.63</b>	<b>(0.90)</b>
Tasmania	2.20	34.94	35.13	(1.53)
Northern Territory	1.04	16.49	16.64	0.26
Australian Capital Territory	1.65	26.12	26.20	(0.25)
<b>TOTAL</b>	<b>100.00</b>	<b>1,585.27</b>	<b>1,594.12</b>	<b>(0.00)</b>

**TABLE 2 - Commonwealth Identified Local Road Grants for Local Government, State and Territory Entitlements 2013-14 and 2014-15**

State	2013-14					
	Proportion (%)	Original Allocation (Estimate) (\$mill)	Brought Fwd Pmt Paid in 2012-13 (\$mill)	Revised Allocation (Estimate) (\$mill)	Adjustment (\$mill)	Allocation Actual (\$mill)
New South Wales	29.01	202.95	101.35	101.60	1.14	204.09
Victoria	20.62	144.21	72.02	72.19	0.81	145.02
Queensland	18.74	131.06	65.45	65.61	0.74	131.80
Western Australia	15.29	106.96	53.41	53.54	0.60	107.56
<b>South Australia</b>	<b>5.50</b>	<b>38.44</b>	<b>19.20</b>	<b>19.24</b>	<b>0.22</b>	<b>38.66</b>
Tasmania	5.30	37.07	18.51	18.56	0.21	37.28
Northern Territory	2.34	16.39	8.18	8.20	0.09	16.48
Australian Capital Territory	3.21	22.43	11.20	11.23	0.13	22.56
<b>TOTAL</b>	<b>100.00</b>	<b>699.51</b>	<b>349.33</b>	<b>350.18</b>	<b>3.93</b>	<b>703.44</b>

State	2014-15			% change 13/14 to 14/15 (%)
	Proportion (%)	Allocation (Estimate) (\$mill)	Cash Payment (\$mill)	
New South Wales	29.01	204.09	205.23	(0.00)
Victoria	20.62	145.02	145.83	(0.00)
Queensland	18.74	131.80	132.53	(0.00)
Western Australia	15.29	107.56	108.16	(0.00)
<b>South Australia</b>	<b>5.50</b>	<b>38.66</b>	<b>38.87</b>	<b>(0.00)</b>
Tasmania	5.30	37.28	37.48	(0.00)
Northern Territory	2.34	16.48	16.57	(0.00)
Australian Capital Territory	3.21	22.56	22.68	0.00
<b>TOTAL</b>	<b>100.00</b>	<b>703.43</b>	<b>707.36</b>	<b>(0.00)</b>

### South Australian Local Government Grants Commission Act 1992

The original State Act was proclaimed in 1976 to establish the Commission, its membership, functions and responsibilities in accordance with the provisions of the Commonwealth Act.

It was repealed and replaced with the present Act in 1992 to, amongst other things, embody new arrangements agreed with Local Government in the areas of membership and reporting.

### Eligible Bodies

For the 2014-15 allocations there were 68 councils, the Outback Communities Authority and five Aboriginal communities eligible for grants.



## CHAPTER 4 - National Principles, General Purpose & Road Grants

The national principles contained within the *Commonwealth Local Government (Financial Assistance) Act 1995* underpin the methodology employed by the Commission in the distribution process.

There are six main principles for general purpose grants and an additional one for road grants. They are:

### General Purpose National Principles

#### (i) Horizontal Equalisation

The equalisation component of the Financial Assistance Grants will be allocated to local governing bodies, as far as practicable, on a full horizontal equalisation basis as defined by the *Local Government (Financial Assistance) Act, 1995*. 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 function and in the capacity of those local governing bodies to raise revenue.

#### (ii) 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.

#### (iii) Minimum Grant

The minimum general purpose grant allocation for a local governing body will be not less than the amount to which the local governing body would be entitled if 30% of the total amount of equalisation component funds for the State/Territory were allocated on a per capita basis.

#### (iv) 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.

#### (v) Aboriginal Peoples and Torres Strait Islanders

Financial assistance shall be allocated to councils in a way that recognises the needs of Aboriginal and Torres Strait Islander people within their boundaries.

#### (vi) Council Amalgamation

Where two or more local governing bodies are amalgamated into a single body, the general purpose grant provided to the new body for each of the four years following amalgamation, should be the total of the amounts that would have been provided to the former bodies in each of those years if they had remained separate entities.

### Identified Road Component National Principle

#### (vii) 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 roads needs relevant considerations include length, type and usage of roads in each local governing area.

## CHAPTER 5 - METHODOLOGY

### General Purpose Grant

The methodology used to assess the general purpose component of the Local Government Financial Assistance Grants is intended to achieve an allocation of grants to local governing bodies in the State consistent with the National Principles. The over-riding principle is one of Horizontal Fiscal Equalisation, which is constrained by a requirement that each local governing body must receive a minimum entitlement per head of population as prescribed in the Commonwealth legislation.

The South Australian Local Government Grants Commission uses a direct assessment approach to the calculations. This involves the separate estimation of a component revenue grant and a component expenditure grant for each council, which are aggregated to determine each council's overall equalisation need. Available funds are distributed in accordance with the relativities established through this process and adjustments are made as necessary to ensure the per capita minimum entitlement is met for each council. For local governing bodies outside the incorporated areas (the Outback Communities Authority and five Aboriginal Communities) allocations are made on a per capita basis.

A standard formula is used as a basis for both the revenue and expenditure component grants.

### Formulae

#### *General financial assistance*

The formula for the calculation of the raw revenue grants can be expressed as:

$$G = P_c \times S \times \left[ \left( \frac{U_s}{P_s} \times RRI_s \right) - \left( \frac{U_c}{P_c} \times RRI_c \right) \right]$$

Similarly, the formula for the calculation of the raw expenditure grants can be expressed as:

$$G = P_c \times S \times \left[ \left( \frac{U_c}{P_c} \times CRI_c \right) - \left( \frac{U_s}{P_s} \times CRI_s \right) \right]$$

Subscripts of s or c are used to describe whether it applies to the State or a particular council.

$G$  = council's calculated relative need assessment

$P$  = population

$U$  = unit of measure. Some units of measure are multiplied by a weight.

$S$  = standard, be it cost or revenue =  $\frac{\text{expenditure or income}}{U}$

RRI = Revenue Relativity Index. CRI = Cost Relativity Index (previously known as the disability factor). They are centred around 1.00, i.e.  $RRI_s$  or  $CRI_s$  equals 1.00. If more than one CRI exists for any function then they are multiplied together to give an overall CRI for that function.

In the revenue calculations for both residential and rural assessments, the Commission has calculated a revenue relativity index based on the SEIFA Index of Economic Resources. Where no revenue relativity index exists the  $RRI_c = 1.0$ . For a list of the Revenue Relativity Indices applied to this year's valuation data, see *Appendix VI*.

Currently in all expenditure calculations with the exception of roads, stormwater and waste management there are no disability factors applied, and consequently  $CRI_c = 1.0$ .

The raw grants, calculated for all functions using the above formulae, both on the revenue and expenditure sides, are then totalled to give each council's total raw grant figure. Any council whose raw calculation per head is less than the per capita figure, (\$20.48 for 2014-15), then has the per capita figure applied. The balance of the allocated amount is then apportioned to the remaining councils based on their calculated proportion of the raw grant. Commission determined limits are then applied to minimise the impact on council's budgetary processes.

In the calculation of the 2014-15 grants, the Commission constrained changes to grants between minus 3% and positive 0.5%. An iterative process is then undertaken until the full allocation is determined.

### ***Component Revenue Grants***

Component revenue grants compensate or penalise councils according to whether their **capacity to raise revenue** from rates is less than or greater than the State average. Councils with below average capacity to raise revenue receive positive component revenue grants and councils with above average capacity receive negative assessments.

The Commission estimates each council's component revenue grant by applying the State average rate in the dollar to the difference between the council's improved capital values per capita multiplied by the  $RRI_c$  and those for the State as a whole, and multiplying this back by the council's population. The State average rate in the dollar is the ratio of total rate revenue to total improved capital values of rateable property. The result shows how much less (or more) rate revenue a council would be able to raise than the average for the State as a whole if it applied the State average rate in the dollar to the capital values of its rateable properties. This calculation is repeated for each of five land use categories, namely;

- residential;
- commercial;
- industrial;
- rural; and
- other.

To overcome fluctuations in the base data, valuations, rate revenue and population are averaged over three years. Revenue Relativity Indices ( $RRI_c$ ) are only applied to the residential and rural valuations.

### ***Subsidies***

Subsidies that are of the type that most council's receive and are not dependent upon their own special effort i.e. they are effort neutral, are treated by the "inclusion approach". That is, subsidies such as those for library services and roads are included as a revenue function.

### ***Component Expenditure Grants***

Component expenditure grants compensate or penalise councils according to whether the costs of providing a standard range of local government services can be expected to be greater than or less than the average cost for the State as a whole due to factors outside the control of councils. The Commission assesses expenditure needs and a component expenditure grant for each of a range of functions and these are aggregated to give a total component expenditure grant for each council.

The methodology compares each council per capita against the State average. This enables the comparison to be consistent and to compare like with like.

Each function is identified by a main driver or *unit of measure*. This is divided into the total expenditure on the function for the State as a whole to determine the average or *standard cost* for the particular function. For example, in the case of the expenditure function **built-up sealed roads**, "kilometres of built-up sealed roads" is the unit of measure.

Using this example, the length of built-up sealed roads per capita for each council is compared with the State's length of built-up sealed road per capita. The difference, be it positive, negative or zero, is then multiplied by the average cost per kilometre for construction and maintenance of built up sealed roads for the State as a whole (standard cost). This in turn is multiplied back by the council's population to give the component expenditure grant for the function. As already indicated this grant can be positive, negative or zero.

In addition, it is recognised that there may be other factors beyond a council's control which require it to spend more (or less) per unit of measure than the State average, in this example to reconstruct or maintain a kilometre of road. Accordingly, the methodology allows for a *cost relativity index (CRI)*, to be determined for each expenditure function for each council. Indices are centred around 1.0, and are used to inflate or deflate the component grant for each council. In the case of roads, CRI's measure relative costs of factors such as material haulage, soil type, rainfall and drainage.

To overcome fluctuations in the base data, inputs into the expenditure assessments (with the exception of the newly revised road lengths) are averaged over three years.

The following table details the approach taken to expenditure functions included in the methodology.

<b>Expenditure Function</b>	<b>Standard Cost</b>	<b>Units of Measure</b>
Waste Management	Reported expenditures <sup>1</sup>	Number of residential properties
Aged Care Services	Reported expenditures <sup>1</sup>	Population aged 65+ from the ABS Census and estimated resident population
Services to Families and Children	Reported expenditures <sup>1</sup>	Population aged 0-14 yrs from the ABS Census and estimated resident population
Health Inspection	Reported expenditures <sup>1</sup>	Establishments to inspect
Libraries	Reported expenditures <sup>1</sup>	Number of library visitors
Sport and Recreation	Reported expenditures <sup>1</sup>	Population aged 5-64 years from the ABS Census and estimated resident population
Sealed Roads – Built-Up <sup>5</sup>	Reported expenditures <sup>1</sup>	Kilometres of built-up sealed road as reported in GIR
Sealed Roads - Non-built-up <sup>5</sup>	Reported expenditures <sup>1</sup>	Kilometres of non-built-up sealed road as reported in GIR
Sealed Roads - Footpaths etc	Reported expenditures <sup>1</sup>	Kilometres of built-up sealed road as reported in GIR
Unsealed Roads – Built-up <sup>5</sup>	Reported expenditures <sup>1</sup>	Kilometres of built-up unsealed road as reported in GIR
Unsealed Roads - Non-built-up <sup>5</sup>	Reported expenditures <sup>1</sup>	Kilometres of non-built-up unsealed road as reported in GIR
Unformed Roads <sup>5</sup>	Reported expenditures <sup>1</sup>	Kilometres of unformed road as reported in GIR Roads
Stormwater Drainage Maintenance 2,3	Reported expenditures <sup>1</sup>	Number of urban properties <sup>4</sup>
Community Support	Reported expenditures <sup>1</sup>	3yr average population * SEIFA Advantage Disadvantage CRI
Jetties and Wharves	Reported expenditures <sup>1</sup>	Number of jetties and wharves
Public Order and Safety	Reported expenditures <sup>1</sup>	Total number of properties
Planning and Building Control	Reported expenditures <sup>1</sup>	Number of new developments and additions
Bridges	Reported expenditures <sup>1</sup>	Number of bridges as reported in GIR
Other Needs Assessments	Set at 1.00.	Based on Commission determined relative expenditure needs in a number of areas <sup>6</sup>

1 Councils' expenditures reported in the Commission's Supplementary returns.

2 Includes both construction and maintenance activities.

3 The Commission has also decided, for these functions, to use CRI's based on the results of a previous consultancy by BC Tonkin and Associates.

4 Urban properties = sum [residential properties, commercial properties, industrial properties, exempt residential properties, exempt commercial properties, exempt industrial properties].

- 5 The Commission has for these functions, used CRI's based on the results of a consultancy led by Emcorp and Associates, in association with PPK Environment and Infrastructure. Tonkin Consulting has since refined the results. For a breakdown of each cost relativity indices by type of road, refer *Appendix V*.
- 6 Comprises Commission determined relative expenditure needs with respect to the following:
- Non-Resident Use / Tourism / Regional Centre – assessed to be high, medium or low;
  - Duplication of Facilities – identified by the number of urban centres and localities (as determined by the Australian Bureau of Statistics (ABS));
  - Isolation – measured as distance from the GPO to the main service centre for the council (as determined by the RAA);
  - Additional recognition of needs of councils with respect to Aboriginal people – identified by the proportion of the population identified as Aboriginal or Torres Strait Islander;
  - Unemployment – identified by the proportion of the population unemployed;
  - Capital City status – gives recognition to such things as the ability of the council to raise revenue from sources other than rates i.e. car parking and from the Wingfield dump, and their extraordinary expenditure need i.e. due to the requirement that they maintain the entire road network within the City, and due to the daily influx of non-resident population;
  - Environment and Coastal Protection - assessed to be high, medium or low; and
  - The provision of Cultural and Tourist Facilities – assessed to be high, medium or low.

This final factor *Other Needs Assessment* (also known as *Function 50*) originates from awareness by the Commission that there are many non-quantifiable factors, which may influence a council's expenditure, and that it is not always been possible to determine objectively the extent to which a council's expenditure is affected by these factors. Therefore, in determining units of measure and cost relativity indices, the Commission must exercise its judgement based on experience, the evidence submitted to the Commission, and the knowledge gained by the Commission during visits to council areas and as a result of discussions with elected members and staff.

The calculated standards by function are outlined in the next section.-

## Summary of figures by function

Total Population = 1670827

Function	Standard in Dollars	Unit of Measure per Capita	Total Units of Measure	Unit of Measure
<b>Expenditure Functions</b>				
Waste Management	180.13	0.41214	681,503	No of residential properties
Aged Care Services	158.56	0.16443	271,890	Population aged more than 65
Services To Families And Children	61.10	0.17716	292,949	Population aged 0 to 14
Health Inspection	312.54	0.01228	20,309	Establishments to inspect
Libraries	-	-	-	Number of visitors
Sport and Recreation	159.45	0.77568	1,282,638	Population aged 5 to 49
Sealed Roads - Built Up	11,333.40	0.00641	10,596	Kilometres of sealed builtup
Sealed Roads - Non Built Up	11,333.40	0.00456	7,547	Kilometres of sealed non-builtup
Sealed Roads - Footpaths etc	14,830.16	0.00641	10,596	Kilometres of sealed builtup
Unsealed Roads - Built Up	1,641.42	0.00043	716	Kilometres of formed and surfaced, and natural surface formed builtup road
Unsealed Roads - Non Built Up	1,641.42	0.02844	47,022	Kilometres of formed and surfaced, and natural surface formed non-builtup road
Roads - Unformed	88.33	0.00532	8,793	Kilometres of natural surfaced unformed road
Stormwater Drainage - Maintenance	78.82	0.44465	735,269	No of urban, industrial and commercial properties including exempt
Community Support	45.87	0.99990	1,653,416	3yr average population * SEIFA Advantage Disadvantage CRI
Jetties and Wharves	12,766.25	0.00005	79	Number of jetties and wharves
Public Order and Safety	23.42	0.56465	933,686	Total no of properties
Planning And Building Control	1,504.77	0.02648	43,782	No of new developments and additions
Bridges	7,991.12	0.00053	883	Number of bridges
Other Special Needs	1.00	29.17914	48,249,900	Total of dollars attributed
<b>Revenue Functions</b>				
Rates - residential	0.0034	144,253	238,265,855,929	Valuation of residential
- commercial	0.0061	19,084	31,556,158,121	Valuation of commercial
- industrial	0.0092	2,682	4,434,080,509	Valuation of industrial
- rural	0.0030	20,332	33,127,689,152	Valuation of rural
- other	0.0026	10,201	16,867,796,996	Valuation of other
Subsidies	1.00	20.08652	33,214,572	The total of the subsidies

## Calculated standards by function

The Commission uses the above table to enable it to calculate a council's raw grant for each of the given functions. This is done by calculating each individual council's unit of measure per capita, comparing it with the similar figure from the table and then multiplying the difference by the standard from the table and its own population. If CRIs are applicable then they must be included as a multiplier against the council's unit of measure per capita.

It must be stressed that this only allows the calculation of the raw grant for the individual function, not the estimated grant. The calculation of the estimated grant is not possible as per capita minimums need to be applied and the total allocation apportioned to the remaining councils.

### Aggregated Revenue and Expenditure Grants

Component grants for all revenue categories and expenditure functions, calculated for each council using the method outlined above, are aggregated to give each council's total raw grant figure. Where the raw grant calculation per head of population for a council is less than the per capita minimum established as set out in the Act, (\$20.48 for 2014-15), the grant is adjusted to bring it up to the per capita minimum entitlement.

The balance of the allocated amount, less allocation to other local governing bodies outside the incorporated areas, is then apportioned to the remaining councils based on their calculated proportion of the raw grant. Commission determined limits may then be applied to minimise the impact on council's budgetary processes. In the calculation of the 2014-15 grants, the Commission constrained changes between minus 3% and positive 0.5%.

### **Identified Local Road Grant**

In South Australia, the identified local road grants pool is divided into formula grants (85%) and special local road grants (15%).

The formula component is divided between metropolitan and non-metropolitan councils on the basis of an equal weighting of road length and population.

In the metropolitan area, allocations to individual councils are determined again by an equal weighting of population and road length. In the non-metropolitan area, allocations are made on an equal weighting of population, road length and the area of the council.

Distribution of the special local road grants is based on recommendations from the Local Government Transport Advisory Panel. This Committee is responsible for assessing submissions from regional associations on local road projects of regional significance.

### **Outback Communities Authority**

The Outback Communities Authority is prescribed as a local governing body for the purposes of the Grants Commission's recommendations.

The Authority was established on 1 July 2010 under legislation of the South Australian Parliament, replacing the Outback Areas Community Development Trust as the management and governance authority for the outback.

The Authority provides support to outback communities for the provision of public services and facilities, addresses long term requirements and maintenance of outback infrastructure, plans and consults with outback communities, advocates on behalf of outback communities and manages and maintains public assets.

Due to the lack of comparable data, the Commission is not able to calculate the grant to the Authority in the same manner as grants to other local governing bodies. Rather, a per capita grant has been established. The 2014-15 per capita general purpose grant is \$373.95.

General purpose grants for the Authority reduced by 0.5%, due to the Australian Government pausing the indexation of the Financial Assistance Grants for 3 years to 2016-17.

### **Aboriginal Communities**

Since 1994-95 the Grants Commission has allocated grants to 5 Aboriginal communities recognised as local governing authorities for the purposes of the *Commonwealth Local Government (Financial Assistance) Act 1995*.

The Aboriginal communities are Anangu Pitjantjatjara Yankunytjatjara, Gerard Community Council Inc., Maralinga Tjarutja, Nipapanha Community Inc. and Yalata Community Council Inc.

Again, due to the unavailability of data, grants for these communities are not calculated in the same manner as grants to other local governing bodies. Initially, the Commission utilised the services of a consultant, Alan Morton, of Morton Consulting Services, who completed a study on the expenditure needs of the communities and their revenue raising capacities. Comparisons were made with communities in other states and remote South Australian councils and per capita grants were established. Grants have gradually been increased since the initial study. For 2014-15 the per capita grant varied from \$192.07 for Gerard Community to \$1,230.71 for Maralinga Tjarutja Community.

General purpose grants for the Aboriginal communities were held to the same levels as last year due to the Australian Government pausing the indexation of the Financial Assistance Grants for 3 years to 2016-17.

## CHAPTER 6 – GRANT ALLOCATIONS FOR 2014-15

Local Government Authority	Population as at 30-Jun-13	General Purpose Grant (\$)	Identified Road Grant (\$)	Special Local Road Grant (\$)	Total Estimated Grant (\$)
Adelaide	22,200	454,656	238,231		692,887
Adelaide Hills	39,832	823,975	696,905		1,520,880
Alexandrina	24,824	648,901	558,528		1,207,429
Barossa	22,808	538,839	447,335		986,174
Barunga West	2,452	352,801	187,790		540,591
Berri Barmera	10,611	2,436,238	209,241		2,645,479
Burnside	44,500	911,360	466,395		1,377,755
Campbelltown	50,893	1,042,289	521,456		1,563,745
Ceduna	3,670	2,075,410	431,278		2,506,688
Charles Sturt	111,236	2,278,113	1,154,244		3,432,357
Clare & Gilbert Valleys	8,994	551,579	377,511		929,090
Cleve	1,807	962,046	363,563	540,000	1,865,609
Cooper Pedy	1,787	817,540	44,738		862,278
Coorong	5,586	2,442,297	645,788	420,000	3,508,085
Copper Coast	13,687	1,482,998	308,183		1,791,181
Elliston	1,068	740,623	398,939		1,139,562
Flinders Ranges	1,649	1,219,972	291,559	1,060,000	2,571,531
Franklin Harbour	1,241	1,048,860	232,563		1,281,423
Gawler	21,590	1,171,852	294,634	600,000	2,066,486
Goyder	4,239	2,695,235	658,558		3,353,793
Grant	8,012	969,859	324,667	200,000	1,494,526
Holdfast Bay	36,763	752,906	365,180		1,118,086
Kangaroo Island	4,553	1,427,513	386,430		1,813,943
Karoonda East Murray	1,016	1,222,068	330,128	800,000	2,352,196
Kimba	1,103	1,017,164	294,752		1,311,916
Kingston	2,407	547,171	244,862		792,033
Light	14,459	296,120	401,947		698,067
Lower Eyre Peninsula	4,997	472,841	400,353		873,194
Loxton Waikerie	11,454	3,637,428	712,208		4,349,636
Mallala	8,611	1,036,050	245,136		1,281,186
Marion	87,574	1,793,516	927,962		2,721,478
Mid Murray	8,281	3,134,486	629,642		3,764,128
Mitcham	65,720	1,345,946	737,128		2,083,074
Mount Barker	31,325	670,555	535,537	1,000,000	2,206,092
Mount Gambier	26,092	2,196,610	384,067		2,580,677
Mount Remarkable	2,785	1,677,076	354,493		2,031,569



Local Government Authority	Population as at 30-Jun-13	General Purpose Grant (\$)	Identified Road Grant (\$)	Special Local Road Grant (\$)	Total Estimated Grant (\$)
Murray Bridge	20,579	3,144,581	461,025		3,605,606
Naracoorte Lucindale	8,441	2,233,099	472,079		2,705,178
Northern Areas	4,508	1,416,742	391,172		1,807,914
Norwood, Payneham & St Peters	36,868	755,057	355,051		1,110,108
Onkaparinga	166,435	5,532,790	2,277,895		7,810,685
Orroroo Carrieton	860	981,420	248,199		1,229,619
Peterborough	1,785	1,344,711	239,331		1,584,042
Playford	85,069	8,658,329	1,223,334		9,881,663
Port Adelaide Enfield	120,427	2,466,345	1,303,059		3,769,404
Port Augusta	14,605	2,695,136	284,108		2,979,244
Port Lincoln	14,732	1,096,753	220,933		1,317,686
Port Pirie	17,625	3,982,032	419,589		4,401,621
Prospect	21,133	432,824	199,291		632,115
Renmark Paringa	9,346	2,567,113	212,959		2,780,072
Robe	1,387	29,642	105,082		134,724
Roxby Downs	5,031	103,035	77,944		180,979
Salisbury	135,922	6,402,367	1,503,964		7,906,331
Southern Mallee	2,076	1,138,221	391,374		1,529,595
Streaky Bay	2,245	1,485,042	450,927	577,000	2,512,969
Tatiara	6,695	2,383,129	544,709	602,000	3,529,838
Tea Tree Gully	98,378	2,014,850	1,094,531		3,109,381
Tumby Bay	2,706	540,520	256,803		797,323
Unley	38,695	792,491	369,651		1,162,142
Victor Harbor	14,639	299,807	258,517		558,324
Wakefield	6,826	1,794,173	516,341		2,310,514
Walke rville	7,368	150,897	73,894		224,791
Wattle Range	11,669	1,906,602	525,864		2,432,466
West Torrens	58,158	1,191,076	594,418		1,785,494
Whyalla	22,562	3,907,106	384,647		4,291,753
Wudinna	1,283	1,242,875	385,216		1,628,091
Yank a lilla	4,556	125,486	147,136		272,622
Yorke Peninsula	11,119	1,436,294	790,536		2,226,830
Outba ck Communities Authority	3,843	1,437,109			1,437,109
Anangu Pitjantjatjara	2,734	1,131,943	145,298		1,277,241
Gerard Cty Council	230	44,176	19,359		63,535
Maralinga Tjarutja	75	92,303	51,984		144,287
Nipa panha Comm Inc	94	28,338	19,275		47,613
Yalata Cty Council	297	159,008	41,853		200,861
<b>STATE TOTAL</b>	<b>1,670,827</b>	<b>114,036,315</b>	<b>32,859,279</b>	<b>5,799,000</b>	<b>152,694,594</b>

## **APPENDIX I - Member profiles**

### **Mary Patetsos BSW Grad Dip Sociology, JP**

Commissioner of the Local Government Grants Commission since 2002 and Commission Chair since 2010. Current positions include Director ACH Group since 2009; Chair SA Housing Trust, 2005, including Chair of Housing and Department of Communities and Social Inclusion Audit and Finance Committees. She is a member SA Health Performance Council and the Aged Care Financing Authority since 2013. Mary is also a Director on numerous not for profit Boards including Director for Common Ground Adelaide, Multicultural Communities Council SA, Chair of the FECCA Healthy Ageing Reference Committee and Power Community Limited, Port Adelaide Football Club.

### **John Ross, Cr**

Commissioner of the Local Government Grants Commission from August 2005 to 5 January 2014. Councillor of Tatiara Council since 1979; Chairman of Tatiara Council 1989-1992 and 2003 to 2005, President of the SA Local Government Association 1995-1997; President of the Australian Local Government Association 1999-2002; President of the South East Local Government Association 1990-1995; Chair of the Local Government Mutual Liability Scheme since 1997; Chair of the Local Government Workers Compensation Scheme since 1997; Australian Transport Council member 1997-2002; Austroads board member 1997-2002; Chair of Forestry SA board since 2003; Member of Council of Australian Governments 1999-2002; LGA representative on State Water Resources Council 1990-1996; Chairman of STEDs scheme 1992-1996; Chairman of South East Relief Trust 1993-1995; and Chairman of SA Council Purchasing Co-Op 1997-1998.

### **Jane Gascoigne, BBus BEd**

Commissioner of the SA Local Government Grants Commission since 2010; Executive Manager of the Institute of Public Works Engineering Australia (SA Division). Prior employment as Director, Local Government Grants and Regional Communities, Department of Planning and Local Government; Executive Officer, South Australia Local Government Grants Commission; Executive Officer, South Australian Local Government Disaster Fund; Lecturer, Department of Technical and Further Education. Previous Board Membership: National Steering Committee overseeing the implementation of the National Framework for Women in Local Government (ALGWA); National Steering Committee overseeing the implementation of the Year of Women in Local Government (LGMA); Local Roads Advisory Committee; Local Government Transport Advisory Panel; and South Australian Local Government Disaster Fund.

### **Richard Vickery, Mayor, Tatiara District Council**

Appointed Commissioner of the Local Government Grants Commission on 13 February 2014. Elected Member to Tatiara District Council in 2003 and has been Mayor since 2006; President of South East Local Government Association since 2009 and previously Deputy President from 2006-2009; Vice-President of the LGA since 2013; Delegate – SA Region of Councils (SAROC) since 2009; Member of the Local Government State Executive Committee (South East Zone) since 2009; Board Member of Regional Development Australia Limestone Coast since 2009; Chair of the Limestone Coast Economic Diversification Reference Group; Chair of the Box Flat Dingo Control Committee (DEWNR); and Board Member and currently Deputy Chair, Keith & District Hospital since 2002.

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## **APPENDIX II - Freedom of Information Act 1991**

### **Statement Section 9**

#### *Structure and functions of the Commission*

Refer Chapter 1 of this report.

#### *Effect of Commission's decision making on members of the public*

The Commission's primary function is to make recommendations to the responsible Minister on the distribution of untied Commonwealth financial assistance grants to local governing authorities in South Australia. Consequently the Commission's decision making has no direct effect on members of the public.

#### *Arrangements for members of the public to participate in Commission policy formulation*

As mentioned in Chapter 2 of this report, public hearings are incorporated into council visits. Members of the public are invited to attend these meetings and to make submissions to the Commission.

#### *Categories of documents*

Annual reports of the Commission are available for perusal at the Commission's offices. Other documents held by the Commission:

- corporate files containing correspondence, memoranda, minutes etc on the Commission's operations;
- administrative Policies and Procedures (many of which are prepared by other agencies), and files;
- registry files containing information and data returns; and
- statistical and comparative reports prepared for councils and interested parties.

Information is stored both electronically and on hard copy.

In general, where information held by the Commission is available from a primary source, e.g. Australian Bureau of Statistics or individual councils, enquiries are redirected to that source.

#### *Facilities for access and initial contact point*

Inquiries concerning access to the above-mentioned documents or other matters relating to Freedom of Information should be directed to:

	The Executive Officer Local Government Grants Commission Level 7, Roma Mitchell House 136 North Terrace ADELAIDE SA 5000
Postal Address	GPO Box 2329 ADELAIDE SA 5001
Telephone	(08) 7109 7164
E-mail	Grants.Commission@sa.gov.au

Business hours are 9.00 am to 5.00 pm. An appointment is necessary. The Executive Officer, as Principal Officer, has power under Section 20 of the *Freedom of Information Act 1991* to refuse access to a document.

**APPENDIX III – Final Grant Allocations For 2013-14**

<b>Local Government Authority</b>	<b>2013-14 Actual General Purpose Grant \$</b>	<b>2013-14 Actual Road Grant \$</b>	<b>2013-14 Special Road Grant \$</b>	<b>2013-14 Total Actual Grant \$</b>
Adelaide	450,909	236,973		687,882
Adelaide Hills	832,298	702,262	200,000	1,734,559
Alexandrina	645,673	557,425		1,203,098
Barossa	536,158	447,226		983,384
Barunga West	356,365	188,759		545,124
Berri Barmera	2,460,846	212,507		2,673,353
Burnside	922,071	467,872		1,389,943
Campbelltown	1,048,116	521,167		1,569,283
Ceduna	2,096,373	433,076		2,529,449
Charles Sturt	2,288,564	1,152,882		3,441,446
Clare & Gilbert Valleys	548,834	378,191		927,025
Cleve	957,260	347,532	520,000	1,824,792
Cooper Pedy	825,798	44,947		870,745
Coorong	2,466,967	649,064		3,116,031
Copper Coast	1,513,263	304,669		1,817,932
Elliston	748,105	399,954		1,148,058
Flinders Ranges	1,232,295	293,358	1,067,000	2,592,654
Franklin Harbour	1,059,455	250,148		1,309,603
Gawler	1,175,526	288,076	330,000	1,793,602
Goyder	2,722,460	660,048		3,382,508
Grant	965,034	326,230	130,000	1,421,264
Holdfast Bay	759,670	365,795		1,125,465
Kangaroo Island	1,420,410	387,404		1,807,815
Karoonda East Murray	1,234,412	331,523		1,565,935
Kimba	1,027,438	295,585		1,323,023
Kingston	558,338	244,939		803,276
Light	295,475	399,936		695,411
Lower Eyre Peninsula	477,618	402,625		880,243
Loxton Waikerie	3,674,170	716,169		4,390,339
Mallala	1,046,515	245,427		1,291,942
Marion	1,802,050	927,686		2,729,736
Mid Murray	3,150,412	631,369		3,781,781
Mitcham	1,363,802	739,526	490,000	2,593,329
Mount Barker	677,328	534,511		1,211,839
Mount Gambier	2,216,456	384,222	255,000	2,855,679
Mount Remarkable	1,694,017	357,265		2,051,281

<b>Local Government Authority</b>	<b>2013-14 Actual General Purpose Grant \$</b>	<b>2013-14 Actual Road Grant \$</b>	<b>2013-14 Special Road Grant \$</b>	<b>2013-14 Total Actual Grant \$</b>
Murray Bridge	3,176,345	461,350		3,637,695
Naracoorte Lucindale	2,221,989	472,439	315,000	3,009,428
Northern Areas	1,431,053	393,081		1,824,133
Norwood, Payneham & St Peters	765,615	356,592		1,122,207
Onkaparinga	5,703,907	2,280,612	242,000	8,226,519
Orroroo Carrieton	991,333	249,411		1,240,744
Peterborough	1,358,294	239,683		1,597,977
Playford	8,745,787	1,213,289		9,959,076
Port Adelaide Enfield	2,467,400	1,293,496		3,760,896
Port Augusta	2,722,359	284,895		3,007,254
Port Lincoln	1,107,832	220,964		1,328,795
Port Pirie	4,022,255	421,991		4,444,246
Prospect	437,372	199,933		637,305
Renmark Paringa	2,593,044	215,497		2,808,540
Robe	29,941	105,957	179,000	314,898
Roxby Downs	102,934	77,142		180,076
Salisbury	6,533,028	1,495,144		8,028,172
Southern Mallee	1,149,719	393,558		1,543,276
Streaky Bay	1,500,043	451,912	600,000	2,551,954
Tatiara	2,371,273	545,130	398,000	3,314,403
Tea Tree Gully	2,052,409	1,102,215		3,154,624
Tumby Bay	545,980	256,645		802,624
Unley	803,744	371,361	190,000	1,365,105
Victor Harbor	298,082	255,253		553,335
Wakefield	1,785,247	516,650		2,301,897
Walkerville	153,202	74,254		227,457
Wattle Range	1,897,116	530,194	190,000	2,617,310
West Torrens	1,198,378	594,267		1,792,645
Whyalla	3,946,572	389,623		4,336,195
Wudinna	1,255,429	385,537		1,640,966
Yankalilla	124,862	146,731	660,000	931,592
Yorke Peninsula	1,429,148	793,421		2,222,569
				-
Outback Communities Authority	1,444,591			1,444,591
Anangu Pitjantjatjara Yankunytjatjara	1,131,943	145,445		1,277,389
Gerard Cty Council	44,176	19,378		63,554
Maralinga Tjarutja	92,303	52,036		144,339
Nipapanha Community Inc.	28,338	19,295		47,632
Yalata Community Inc.	159,008	41,896		200,903
<b>STATE TOTAL</b>	<b>115,072,530</b>	<b>32,892,622</b>	<b>5,766,000</b>	<b>153,731,152</b>

## APPENDIX IV - Road Lengths by Council by Surface Type as at 30 June 2013

(Road length data includes laneways)

Council name	Sealed	Formed	Unformed	TOTAL
Adelaide	127	0	0	127
Adelaide Hills	610	472	10	1,091
Alexandrina	551	768	24	1,343
Barossa	342	558	71	970
Barunga West	73	755	103	930
Berri Barmera	272	136	77	484
Burnside	235	5	0	240
Campbelltown	255	0	0	255
Ceduna	77	1381	257	1,715
Charles Sturt	575	1	0	577
Clare & Gilbert Valleys	223	1417	187	1,827
Cleve	80	1199	117	1,396
Cooper Pedy	30	128	263	421
Coorong	353	1539	1	1,893
Copper Coast	276	548	131	956
Elliston	44	967	136	1,148
Flinders Ranges	32	894	336	1,262
Franklin Harbour	87	811	37	935
Gawler	171	21	2	194
Goyder	157	2865	226	3,248
Grant	478	783	307	1,567
Holdfast Bay	179	1	0	179
Kangaroo Island	255	1057	51	1,362
Karoonda East Murray	118	1133	48	1,299
Kimba	96	984	636	1,716
Kingston	126	559	60	744
Light	172	1231	56	1,459
Lower Eyre Peninsula	142	1119	83	1,344
Loxton Waikerie	415	1689	199	2,303
Mallala	145	677	136	958
Marion	473	0	0	473
Mid Murray	352	2051	976	3,379
Mitcham	401	5	1	408
Mount Barker	348	397	30	774
Mount Gambier	215	2	1	219
Mount Remarkable	98	1536	433	2,067

<b>Council name</b>	<b>Sealed</b>	<b>Formed</b>	<b>Unformed</b>	<b>TOTAL</b>
Murray Bridge	422	532	21	975
Naracoorte Lucindale	485	1089	41	1,615
Northern Areas	135	1788	275	2,199
Norwood, Payneham & St. Pet	172	0	0	172
Onkaparinga	1273	192	3	1,467
Orroroo Carrieton	59	872	697	1,628
Peterborough	40	805	386	1,231
Playford	721	93	6	821
Port Adelaide Enfield	677	4	0	681
Port Augusta	193	124	92	409
Port Lincoln	150	6	2	159
Port Pirie	330	633	212	1,175
Prospect	91	0	0	91
Renmark Paringa	307	132	40	480
Robe	42	337	56	435
Roxby Downs	34	4	0	39
Salisbury	800	6	0	805
Southern Mallee	115	1073	144	1,332
Streaky Bay	87	1427	219	1,733
Tatiara	517	1190	225	1,932
Tea Tree Gully	580	10	6	596
Tumby Bay	52	967	90	1,110
Unley	170	0	0	170
Victor Harbor	248	134	2	385
Wakefield	206	2393	86	2,685
Walkerville	36	0	0	36
Wattle Range	510	1380	556	2,446
West Torrens	293	0	0	293
Whyalla	220	127	3	350
Wudinna	82	1279	352	1,712
Yankalilla	129	367	48	543
Yorke Peninsula	470	3184	236	3,891
<b>TOTAL</b>	<b>18,229</b>	<b>47,837</b>	<b>8,793</b>	<b>74,859</b>

## APPENDIX V – Cost Relativity Indices - 2014-15 Financial Assistance Grants

	Sealed Built-up Roads	Sealed Non-Built-up Roads	Unsealed Built-up Roads	Unsealed Non-Built-up Roads	Unformed Roads	Waste Management	Stormwater Maintenance
Adelaide	1.02	0.96	1.00	1.00	1.00	0.97	0.99
Adelaide Hills	1.04	1.08	1.17	1.08	1.14	1.03	0.92
Alexandrina	0.91	0.98	1.01	1.03	1.04	1.01	0.91
Barossa	1.00	1.03	1.03	1.03	1.05	1.13	0.92
Barunga West	0.87	0.92	0.98	0.98	1.00	1.02	0.90
Berri Baramba	1.05	0.99	1.00	1.05	1.05	1.05	0.92
Burnside	1.14	0.96	0.99	0.93	0.90	1.01	0.96
Campbelltown	1.24	0.96	1.00	1.00	1.00	1.01	0.95
Ceduna	0.89	0.95	1.01	1.01	1.00	1.08	0.90
Charles Sturt	0.93	0.97	1.00	1.00	1.00	0.98	1.08
Clare & Gilbert Valleys	1.02	0.98	0.99	1.00	1.04	1.10	0.92
Cleve	0.87	0.92	0.98	0.98	1.00	0.98	0.94
Coober Pedy	0.90	0.94	0.98	0.98	1.00	1.13	0.84
Coorong	0.90	0.95	0.99	1.00	1.02	1.06	0.95
Copper Coast	0.87	0.92	0.98	0.98	1.00	1.01	0.92
Elliston	0.84	0.83	0.96	0.95	0.92	1.31	0.94
Flinders Ranges	0.87	1.04	0.97	0.94	0.92	1.09	0.87
Franklin Harbour	0.87	0.92	0.99	0.98	1.00	1.05	0.93
Gawler	0.90	1.00	1.01	1.04	1.11	1.00	0.98
Goyder	0.89	0.91	0.99	0.99	1.00	1.19	0.89
Grant	0.88	0.87	0.98	0.94	0.93	1.09	0.96
Holdfast Bay	1.09	0.99	1.00	0.00	1.00	0.97	1.07
Kangaroo Island	0.94	0.99	1.00	1.03	0.99	1.18	0.91
Karoonda East Murray	0.87	0.91	0.98	0.98	0.99	1.26	0.87
Kimba	0.87	0.93	0.98	0.99	1.00	1.05	0.92
Kingston	1.03	1.03	1.00	0.96	1.06	1.05	0.95
Light	0.85	0.94	0.98	0.99	1.02	1.08	0.98
Lower Eyre Peninsula	0.91	0.95	0.98	0.99	1.00	1.12	0.95
Loxton Waikerie	0.88	0.98	0.98	0.98	0.98	1.15	0.90
Mallala	0.84	0.90	0.98	0.98	1.00	1.13	0.95
Marion	1.09	0.96	0.98	0.98	1.00	0.97	0.98
Mid Murray	1.05	1.08	1.09	1.03	1.02	1.05	0.88
Mitcham	1.11	0.99	0.94	0.98	1.01	0.98	0.96
Mount Barker	0.96	0.99	0.98	1.00	1.03	1.04	0.99
Mount Gambier	0.81	0.79	0.99	0.89	0.90	0.98	1.00
Mount Remarkable	0.88	0.93	0.99	0.99	0.99	1.17	0.87
Murray Bridge	0.86	1.01	1.00	1.01	1.03	1.03	0.98
Naracoorte Lucindale	0.96	1.11	1.03	1.07	1.18	1.07	0.95
Northern Areas	0.88	0.92	1.01	1.01	1.01	1.10	0.91
Norwood, Payneham & St Peters	1.19	0.96	1.00	1.00	1.00	0.98	0.95
Onkaparinga	1.00	1.04	0.98	1.02	1.06	0.99	0.99
Ororo Carrieton	0.87	0.90	0.98	0.97	0.96	1.22	0.85
Peterborough	0.88	0.91	1.00	1.00	0.96	1.01	0.89
Playford	1.10	1.03	1.06	1.01	1.05	0.97	1.08
Port Adelaide Enfield	1.05	0.97	1.18	1.00	1.00	0.98	1.15
Port Augusta	0.87	0.90	0.98	0.98	1.00	0.98	0.92
Port Lincoln	0.78	0.90	0.95	0.99	0.95	1.00	0.98
Port Pirie	0.88	0.91	1.00	1.01	1.00	0.99	1.07
Prospect	0.97	0.97	1.00	1.00	1.00	0.98	0.99
Renmark Paringa	1.22	1.21	1.20	1.08	1.09	1.04	0.99
Robe	0.98	0.94	0.98	1.04	1.07	1.02	0.94
Roxby Downs	0.88	0.90	0.99	0.98	1.00	1.02	0.91
Salisbury	1.05	0.96	1.12	1.05	1.00	0.98	1.01
Southern Mallee	0.88	0.95	1.01	1.00	0.97	1.11	0.90
Streaky Bay	0.76	0.82	0.95	0.95	0.96	1.02	0.90
Tatiara	1.06	1.07	1.15	1.04	1.05	0.99	0.92
Tea Tree Gully	1.08	1.07	1.07	1.01	1.08	0.98	0.96
Tumby Bay	0.88	0.93	1.00	1.01	1.00	1.07	0.94
Unley	1.26	0.97	1.00	1.00	1.00	0.98	0.98
Victor Harbor	0.88	0.95	0.94	0.98	0.92	1.00	0.99
Wakefield	0.88	0.91	1.00	1.01	1.00	1.07	0.92
Walkerville	1.06	0.96	1.00	1.00	1.00	0.97	0.97
Wattle Range	0.98	1.15	1.00	1.04	1.11	1.13	0.99
West Torrens	0.94	0.97	1.00	1.00	1.00	0.98	1.07
Whyalla	0.84	0.89	1.00	1.01	1.00	0.99	0.99
Wudinna	0.88	0.92	1.00	0.98	0.99	1.03	0.88
Yankalilla	0.99	1.09	0.99	1.02	1.05	1.12	0.99
Yorke Peninsula	0.87	0.89	0.99	0.99	0.97	1.09	0.95



## APPENDIX VI – Revenue relativity index – 2014-15 Financial Assistance Grants

	SEIFA Index of Economic-Resources	Converted to be centred around 1
Adelaide	874.303814	0.891089
Adelaide Hills	1082.609514	1.103394
Alexandrina	1000.020953	1.019220
Barossa	1027.978887	1.047715
Barunga West	980.9946496	0.999828
Berri Barmera	927.2674587	0.945070
Burnside	1044.495148	1.064548
Campbelltown	989.5761623	1.008575
Ceduna	940.5006614	0.958557
Charles Sturt	957.1495661	0.975525
Clare & Gilbert Valleys	1003.054095	1.022311
Cleve	1021.336811	1.040945
Coober Pedy	870.3099372	0.887019
Coorong	965.6347135	0.984173
Copper Coast	955.1868559	0.973525
Elliston	977.6215957	0.996390
Flinders Ranges	968.7272326	0.987325
Franklin Harbour	982.6914905	1.001558
Gawler	973.1754286	0.991859
Goyder	972.1563996	0.990820
Grant	1046.171585	1.066257
Holdfast Bay	991.2308372	1.010261
Kangaroo Island	981.868702	1.000719
Karoonda East Murray	999.3817604	1.018568
Kimba	1037.835826	1.057761
Kingston	988.2700091	1.007243
Light	1056.244704	1.076523
Lower Eyre Peninsula	1033.366189	1.053205
Loxton Waikerie	960.8397234	0.979286
Mallala	1034.815823	1.054683
Marion	973.5054207	0.992195
Mid Murray	965.0141507	0.983541
Mitcham	1041.458803	1.061453
Mount Barker	1036.286437	1.056182
Mount Gambier	930.5433756	0.948408
Mount Remarkable	990.4350978	1.009450
Murray Bridge	932.0791852	0.949974
Naracoorte Lucindale	1004.369538	1.023652
Northern Areas	990.4230851	1.009438
Norwood, Payneham & St Peters	964.4938816	0.983011
Onkaparinga	995.9685131	1.015090
Orroroo Carrieton	1008.015134	1.027368
Peterborough	872.5901497	0.889343
Playford	913.51491	0.931053
Port Adelaide Enfield	921.1271858	0.938811
Port Augusta	917.3554576	0.934967
Port Lincoln	943.5970164	0.961713
Port Pirie	914.110516	0.931660
Prospect	997.2775652	1.016424
Renmark Paringa	943.422715	0.961535
Robe	1013.996017	1.033463
Roxby Downs	1065.932651	1.086397
Salisbury	960.0576162	0.978489
Southern Mallee	995.5140484	1.014626
Streaky Bay	978.6484046	0.997437
Tatiara	1012.933867	1.032381
Tea Tree Gully	1026.322911	1.046027
Tumby Bay	988.6547181	1.007635
Unley	1012.910478	1.032357
Victor Harbor	974.4160325	0.993123
Wakefield	972.6787744	0.991353
Walkerville	1028.544517	1.048291
Wattle Range	968.5380501	0.987133
West Torrens	949.0343584	0.967254
Whyalla	904.5504938	0.921916
Wudinna	1007.87963	1.027229
Yankalilla	989.5225783	1.008520
Yorke Peninsula	968.5541511	0.987149

## APPENDIX VII – Revenue Units of Measure by function

Valuation per capita (incorporating the SEIFA index of Economic Resources) - Data sourced from Valuer General as at January each year (data from 2012, 2013 and 2014 averaged)

Unit of Measure:	Residential	Commercial	Industrial	Rural	Other
Adelaide	206,424	321,259	1,015	1	87,861
Adelaide Hills	168,297	5,538	642	45,957	6,776
Alexandrina	169,303	6,908	1,377	65,619	20,773
Barossa	116,698	11,145	9,550	49,615	9,334
Barunga West	133,973	6,204	1,897	253,341	7,959
Berri Baramba	64,800	9,727	2,236	19,254	7,355
Burnside	304,150	19,562	172	126	10,636
Campbelltown	171,355	6,551	634	89	9,320
Ceduna	79,601	14,265	574	23,394	12,403
Charles Sturt	176,073	21,028	2,992	31	7,954
Clare & Gilbert Valleys	87,286	12,469	1,809	151,776	8,018
Cleve	71,860	14,644	38	189,130	6,931
Coober Pedy	57,465	18,098	30	-	5,755
Coorong	55,354	5,441	409	152,383	8,655
Copper Coast	161,953	13,777	810	29,351	27,177
Elliston	105,028	11,302	133	190,759	14,273
Flinders Ranges	70,843	6,276	312	48,435	9,233
Franklin Harbour	104,201	8,996	662	74,115	20,015
Gawler	111,395	11,664	381	5,790	11,695
Goyder	52,476	4,553	582	186,114	4,552
Grant	73,436	2,237	2,729	185,578	5,370
Holdfast Bay	251,055	22,382	786	-	12,377
Kangaroo Island	136,096	15,892	1,078	128,510	37,809
Karoonda East Murray	29,540	5,842	2,573	193,265	5,244
Kimba	47,949	13,909	30	181,961	6,439
Kingston	128,989	9,738	611	242,866	29,979
Light	102,510	7,698	6,768	96,077	6,604
Lower Eyre Peninsula	127,711	6,399	337	181,785	24,813
Loxton Waikerie	67,041	6,022	1,730	57,778	6,487
Mallala	94,469	2,342	654	78,141	9,923
Marion	153,905	17,385	1,412	82	6,249
Mid Murray	144,233	5,414	800	67,021	21,967
Mitcham	202,129	10,942	1,179	661	8,953
Mount Barker	122,922	14,627	1,205	35,769	10,514
Mount Gambier	87,863	17,453	2,822	856	7,721
Mount Remarkable	78,965	4,826	222	117,691	10,357
Murray Bridge	77,240	13,660	4,099	23,167	9,468
Naracoorte Lucindale	64,135	10,666	1,497	170,386	5,644
Northern Areas	57,917	7,971	779	213,364	6,318
Norwood, Payneham & St Peters	222,998	44,416	2,130	15	11,918
Onkaparinga	124,743	8,515	1,623	7,114	7,453
Orroroo Carrieton	49,346	3,906	288	140,797	4,093
Peterborough	41,548	5,414	496	34,876	3,420
Playford	77,878	9,333	2,061	11,553	5,719
Port Adelaide Enfield	130,997	24,890	12,004	32	11,756
Port Augusta	79,866	15,245	520	1,475	7,715
Port Lincoln	114,843	22,757	3,458	1,136	11,594
Port Pirie	72,326	9,982	1,505	20,474	6,071
Prospect	200,142	16,438	164	-	4,931
Renmark Paringa	67,490	9,405	1,856	35,493	5,817
Robe	351,939	30,925	1,459	215,235	49,326
Roxby Downs	136,470	19,245	419	-	8,610
Salisbury	102,665	14,591	3,129	699	6,372
Southern Mallee	34,099	7,384	458	166,752	3,636
Streaky Bay	96,431	11,218	455	81,353	24,368
Tatiara	45,443	7,788	2,950	168,922	5,520
Tea Tree Gully	137,515	11,337	922	899	5,620
Tumby Bay	114,732	10,895	203	194,601	17,296
Unley	258,547	28,993	327	2	11,719
Victor Harbor	191,310	16,274	729	23,115	23,288
Wakefield	57,756	8,290	961	175,030	6,102
Walkerville	316,390	12,948	-	-	15,998
Wattle Range	67,745	6,505	7,115	146,543	8,026
West Torrens	163,069	28,146	6,233	56	10,354
Whyalla	78,820	11,213	1,137	504	5,071
Wudinna	39,295	13,325	79	135,681	4,824
Yankalilla	239,678	11,059	614	104,000	37,443
Yorke Peninsula	203,011	9,407	923	211,610	20,817
<b>State</b>	<b>144,253</b>	<b>19,084</b>	<b>2,682</b>	<b>20,332</b>	<b>10,201</b>

## APPENDIX VIII – Units of Measure by function - Expenditure

Data sourced from Councils and the Australian Bureau of Statistics as at 30 June 2013.

Function:	Waste Management	Aged Care Services	Services to Families & Children	Health Inspection	Libraries	Sport and Recreation
Unit of Measure:	Number of Residential Properties	Population Aged > 65 years	Population Aged 0-14 years	Establishments to Inspect	Number of Library Visitors	Population Aged 5-64 years
Adelaide	9,843	2,493	1,239	1,464	-	18,207
Adelaide Hills	12,561	5,701	7,806	799	-	32,046
Alexandrina	11,853	5,993	4,001	315	-	17,258
Barossa	8,154	3,973	4,520	343	-	17,437
Barunga West	1,603	680	393	110	-	1,705
Berri Barmera	4,178	1,978	2,134	252	-	8,275
Burnside	18,502	9,233	6,905	428	-	33,382
Campbelltown	20,383	9,913	8,259	261	-	37,765
Ceduna	1,300	472	779	401	-	3,028
Charles Sturt	48,212	20,200	17,321	787	-	83,882
Clare & Gilbert Valleys	3,228	1,680	1,797	179	-	6,693
Cleve	658	350	379	28	-	1,334
Coober Pedy	1,229	378	288	69	-	1,354
Coorong	1,940	1,133	1,082	133	-	4,235
Copper Coast	8,079	3,331	2,279	117	-	9,304
Elliston	552	130	197	29	-	906
Flinders Ranges	744	339	306	43	-	1,299
Franklin Harbour	618	251	242	166	-	968
Gawler	8,464	3,883	3,820	355	-	16,182
Goyder	1,655	934	775	84	-	3,058
Grant	2,317	1,101	1,634	254	-	6,516
Holdfast Bay	17,275	7,945	4,531	360	-	26,960
Kangaroo Island	2,394	828	819	115	-	3,487
Karoonda East Murray	421	211	193	19	-	795
Kimba	337	212	200	34	-	822
Kingston	1,191	550	356	96	-	1,745
Light	4,374	1,620	3,182	164	-	11,709
Lower Eyre Peninsula	1,869	709	1,069	58	-	4,020
Loxton Waikerie	4,404	2,261	2,160	153	-	8,764
Mallala	2,669	993	1,727	273	-	7,062
Marion	37,297	14,411	13,958	501	-	67,238
Mid Murray	5,247	1,799	1,263	396	-	6,206
Mitcham	25,311	11,809	11,319	684	-	50,201
Mount Barker	10,403	3,929	6,662	610	-	25,004
Mount Gambier	11,490	4,125	5,315	240	-	20,161
Mount Remarkable	1,383	666	477	123	-	2,096
Murray Bridge	7,584	3,566	3,813	191	-	15,405
Naracoorte Lucindale	2,764	1,367	1,633	148	-	6,534
Northern Areas	1,736	983	838	241	-	3,388
Norwood, Payneham & St Peters	16,522	6,541	5,102	913	-	28,380
Onkaparinga	64,934	23,735	31,712	1,180	-	130,994
Orroroo Carrieton	391	210	144	40	-	630
Peterborough	970	438	312	243	-	1,300
Playford	31,250	9,701	18,991	701	-	66,688
Port Adelaide Enfield	50,353	17,591	20,116	757	-	92,889
Port Augusta	6,280	2,108	2,934	220	-	11,462
Port Lincoln	6,354	2,396	2,944	205	-	11,273
Port Pirie	7,748	3,374	3,489	203	-	13,377
Prospect	8,675	2,658	3,484	183	-	17,126
Renmark Paringa	3,379	1,626	1,767	105	-	7,353
Robe	1,298	277	223	26	-	1,095
Roxby Downs	1,820	44	996	429	-	4,359
Salisbury	51,974	16,931	26,227	854	-	108,184
Southern Mallee	676	399	405	28	-	1,576
Streaky Bay	979	366	465	86	-	1,711
Tatiara	1,976	1,092	1,438	376	-	5,272
Tea Tree Gully	37,892	15,204	17,492	540	-	78,196
Tumby Bay	1,096	654	502	186	-	1,882
Unley	16,308	6,167	6,173	431	-	30,391
Victor Harbor	7,708	5,091	1,859	186	-	8,728
Wakefield	2,378	1,264	1,393	104	-	5,112
Walkerville	3,152	1,589	1,132	79	-	5,474
Wattle Range	4,403	2,096	2,329	300	-	9,169
West Torrens	25,580	10,126	8,412	535	-	44,010
Whyalla	10,617	3,458	4,495	133	-	17,888
Wudinna	364	194	331	42	-	965
Yankalilla	3,238	1,182	651	104	-	3,151
Yorke Peninsula	8,964	3,251	1,756	98	-	7,569
<b>Total</b>	<b>681,503</b>	<b>271,890</b>	<b>292,949</b>	<b>20,309</b>	<b>-</b>	<b>1,282,638</b>

<b>Function:</b>	<b>Sealed Built Up Roads</b>	<b>Sealed Non Built Up Roads</b>	<b>Sealed Built-Up Roads (Footpaths, kerbing, street lighting etc)</b>	<b>Unsealed Built Up Roads</b>	<b>Unsealed Non Built Up Roads</b>	<b>Unformed Roads</b>
<b>Unit of Measure:</b>	<b>Sealed Built Up Kms</b>	<b>Sealed Non Built Up Kms</b>	<b>Sealed Built Up Kms</b>	<b>Unsealed Built Up Kms</b>	<b>Unsealed Non Built Up Kms</b>	<b>Unformed Kms</b>
Adelaide	123	-	123	-	-	-
Adelaide Hills	206	401	206	6	465	10
Alexandrina	248	302	248	16	752	24
Barossa	144	197	144	10	547	71
Barunga West	34	39	34	7	748	103
Berri Barmera	70	200	70	1	122	77
Burnside	229	-	229	-	5	0
Campbelltown	255	-	255	-	0	-
Ceduna	42	35	42	4	1,377	257
Charles Sturt	572	-	572	1	-	0
Clare & Gilbert Valleys	76	146	76	13	1,404	187
Cleve	21	59	21	8	1,340	117
Cooper Pedy	27	3	27	27	101	263
Coorong	54	298	54	14	1,525	1
Copper Coast	174	99	174	42	502	131
Elliston	22	22	22	8	960	136
Flinders Ranges	22	9	22	10	884	336
Franklin Harbour	18	69	18	-	662	37
Gawler	140	30	140	2	17	2
Goyder	67	90	67	33	2,831	226
Grant	27	451	27	2	780	307
Holdfast Bay	172	-	172	-	-	-
Kangaroo Island	52	203	52	56	1,000	51
Karoonda East Murray	10	108	10	5	1,128	48
Kimba	12	84	12	10	974	636
Kingston	43	83	43	5	554	60
Light	78	95	78	21	1,208	56
Lower Eyre Peninsula	45	97	45	17	1,102	83
Loxton Waikerie	68	347	68	16	1,674	199
Mallala	79	66	79	41	636	136
Marion	472	-	472	0	-	-
Mid Murray	74	276	74	28	2,024	976
Mitcham	382	17	382	0	1	1
Mount Barker	179	167	179	16	380	30
Mount Gambier	199	16	199	0	2	1
Mount Remarkable	27	71	27	15	1,521	433
Murray Bridge	146	275	146	7	525	21
Naracoorte Lucindale	81	404	81	3	1,086	41
Northern Areas	62	73	62	32	1,757	275
Norwood, Payneham & St Peters	160	-	160	-	-	-
Onkaparinga	1,023	247	1,023	6	185	3
Orroroo Carrieton	18	41	18	7	865	697
Peterborough	31	8	31	7	799	386
Playford	471	247	471	1	92	6
Port Adelaide Enfield	675	-	675	4	-	-
Port Augusta	140	52	140	27	98	92
Port Lincoln	143	7	143	3	3	2
Port Pirie	182	148	182	11	622	212
Prospect	87	-	87	-	-	-
Renmark Paringa	50	257	50	9	124	40
Robe	29	13	29	2	336	56
Roxby Downs	29	6	29	-	4	-
Salisbury	775	23	775	3	3	-
Southern Mallee	25	90	25	7	1,066	144
Streaky Bay	44	43	44	10	1,416	219
Tatiara	82	435	82	11	1,179	225
Tea Tree Gully	561	17	561	2	8	6
Tumby Bay	31	21	31	4	963	90
Unley	165	-	165	-	-	-
Victor Harbor	136	112	136	10	125	2
Wakefield	72	134	72	10	2,383	86
Walkerville	35	-	35	-	-	-
Wattle Range	145	363	145	34	1,343	556
West Torrens	290	-	290	0	-	-
Whyalla	200	17	200	5	54	3
Wudinna	18	64	18	15	1,263	352
Yankalilla	53	76	53	3	364	48
Yorke Peninsula	175	295	175	52	3,132	236
<b>Total</b>	<b>10,596</b>	<b>7,547</b>	<b>10,596</b>	<b>716</b>	<b>47,022</b>	<b>8,793</b>

Function:	Stormwater Drainage - Maintenance	Community Support	Jetties and Wharves	Public Order and Safety	Planning & Building Control	Bridges
Unit of Measure:	No. of Urban, Industrial & Commercial Properties (excluding exempt)	Population x CRI (SEIFA Index of Advantage/Disadvantage)	Number of Jetties and Wharves	Total Number of Properties	Number of New Developments & Additions	Number of Bridges
Adelaide	19,006	19,962	-	23,260	1,121	11
Adelaide Hills	13,191	35,835	-	18,519	1,085	72
Alexandrina	12,400	24,652	4	19,049	1,179	35
Barossa	8,850	22,336	-	12,991	805	62
Barunga West	1,665	2,594	-	2,954	97	-
Berri Barmera	4,625	11,744	4	6,742	192	-
Burnside	19,550	39,130	-	21,947	1,276	6
Campbelltown	21,030	48,904	-	23,613	1,205	59
Ceduna	1,475	3,932	3	2,656	119	-
Charles Sturt	51,648	110,581	-	57,505	2,925	5
Clare & Gilbert Valleys	3,610	8,880	-	7,415	265	30
Cleve	745	1,774	1	1,706	66	2
Cooper Pedy	1,351	2,034	-	1,979	72	-
Coorong	2,119	5,917	4	4,903	145	-
Copper Coast	8,546	14,306	1	12,448	581	-
Elliston	609	1,087	1	1,578	41	-
Flinders Ranges	800	1,778	-	2,230	60	-
Franklin Harbour	658	1,328	-	1,346	93	-
Gawler	8,975	21,837	-	10,846	723	10
Goyder	1,816	4,419	-	5,026	147	10
Grant	2,419	7,942	-	5,760	255	1
Holdfast Bay	18,674	34,209	2	21,910	983	4
Kangaroo Island	2,599	4,637	1	5,968	170	25
Karoonda East Murray	455	1,076	-	1,488	22	-
Kimba	393	1,059	-	1,074	33	-
Kingston	1,290	2,460	1	2,856	91	-
Light	4,746	13,761	-	7,962	524	21
Lower Eyre Peninsula	1,969	4,929	3	4,296	295	2
Loxton Waikerie	4,806	12,169	1	8,830	286	-
Mallala	2,750	8,687	-	4,956	318	3
Marion	39,058	85,305	-	43,385	1,911	3
Mid Murray	5,440	8,867	11	11,302	465	12
Mitcham	26,587	59,429	-	29,759	1,650	22
Mount Barker	11,273	29,661	-	15,780	1,097	173
Mount Gambier	12,664	27,776	-	14,588	395	1
Mount Remarkable	1,462	2,912	1	3,620	110	4
Murray Bridge	8,173	22,056	8	12,101	548	6
Naracoorte Lucindale	3,102	8,447	-	6,739	264	24
Northern Areas	1,907	4,677	-	4,673	182	18
Norwood, Payneham & St Peters	18,823	34,650	-	20,912	836	-
Onkaparinga	68,190	165,448	1	79,293	3,098	48
Orroroo Carrieton	434	887	-	1,660	26	-
Peterborough	1,048	2,149	-	1,938	40	9
Playford	32,440	92,637	-	39,491	2,533	16
Port Adelaide Enfield	54,977	123,327	-	63,401	2,562	1
Port Augusta	6,771	15,790	3	8,121	326	7
Port Lincoln	7,174	15,360	2	8,778	356	1
Port Pirie	8,277	19,510	5	11,228	350	10
Prospect	9,281	19,646	-	10,188	293	-
Renmark Paringa	3,713	10,187	1	5,772	203	5
Robe	1,411	1,416	1	2,675	111	1
Roxby Downs	1,944	4,264	-	2,181	152	-
Salisbury	54,645	141,588	-	60,022	3,590	22
Southern Mallee	772	2,115	-	2,023	46	-
Streaky Bay	1,064	2,243	1	2,680	62	-
Tatiara	2,258	6,807	-	5,127	108	16
Tea Tree Gully	39,345	94,639	-	43,118	2,232	6
Tumby Bay	1,172	2,745	2	2,521	70	4
Unley	17,831	34,864	-	19,626	898	8
Victor Harbor	8,187	14,781	-	11,059	587	31
Wakefield	2,579	7,176	-	5,921	179	24
Walkerville	3,282	6,612	-	3,686	262	-
Wattle Range	4,825	12,561	-	9,960	321	-
West Torrens	27,950	56,498	-	31,632	1,266	18
Whyalla	11,265	24,664	3	12,569	443	-
Wudinna	433	1,273	-	1,352	38	-
Yankalilla	3,387	4,642	2	5,823	281	35
Yorke Peninsula	9,355	11,847	12	15,169	717	-
<b>Total</b>	<b>735,269</b>	<b>1,653,416</b>	<b>79</b>	<b>933,686</b>	<b>43,782</b>	<b>883</b>

## APPENDIX IX - Background of Financial Assistance Grants to Local Government

- i) Annual reports of the interim State Grants Commission and the South Australian Local Government Grants Commission presented since 1976 have contained detailed information on the history of the provision of Commonwealth Financial Assistance Grants to Local Government in Australia.
- ii) Further information particularly with regard to the general methodology is also available in the 1974, 1975, 1976 and 1977 reports of the Commonwealth Grants Commission dealing with financial assistance for Local Government, the Report of the National Inquiry into Local Government Finance (Self Report) published in 1985<sup>1</sup> and the 1991 report of the Commonwealth Grants Commission on the Distribution of General Purpose Grants for Local Government.<sup>2</sup>
- iii) The following is a summary of important events since the commencement of the Commonwealth's involvement in the provision of financial assistance to Local Government:
  - *Commonwealth Grants Commission Act, 1973* – the Commonwealth Grants Commission was given the power to assess Financial Assistance Grants to Local Government with a view to promoting fiscal equalisation between regions. Applications for assistance under Section 96 of the Constitution could be made by 'approved regional organisations' of Local Government.
  - *1974-75* - First Commonwealth general-purpose grant of \$56.345 million distributed to local government authorities on the basis of recommendations by the Commonwealth Grants Commission. South Australia received \$4.774 million or 8.4728 per cent of the total allocation.
  - *1975-76* - \$79.908 million distributed by the Commonwealth Grants Commission. South Australia received \$6.785 million or 8.4910 per cent of the total allocation.
  - *May 1976* - Special report of the Commonwealth Grants Commission included recommendations on tax-sharing grants to Local Government.
  - *Commonwealth Grants Commission Act, 1976* - Replaced the 1973 Act. Deleted reference to 'approved regional organisations'. Introduced new definition of a grant of assistance to a State or Local Government purposes.
  - *Local Government (Personal Income Tax Sharing) Act, 1976* - Provided for continuation of general-purpose grants to Local Government with the level of funding being linked to Commonwealth personal income tax collections. Relevant percentages were:
 

1976 to 1978-79	1.52%
1979-80	1.75%
1980-81 to 1984-85	2.00%

South Australia's share of funds set at 8.5178 per cent from 1 July 1976.

Each State was required to establish a Local Government Grants Commission to make recommendations on the distribution of funds. Allowed for a per capita minimum grant to councils based on at least 30 per cent of funds, with the remaining funds to be allocated on a fiscal equalisation basis.

- *July 1976* - Interim SA Grants Commission established to recommend allocation of \$11.925 million in South Australia for 1976-77.
- *South Australian Local Government Grants Commission Act, 1976* - Enacted 21 October 1976 and proclaimed 19 May 1977. The Commission's main function was to recommend on the distribution of grants.
- *May 1977* - Special report by Commonwealth Grants Commission concerned with the interstate distribution of funds, which established an apportionment of funds between the States and increased the share of funds to South Australia to 8.6010 per cent from 1 July 1977.

<sup>1</sup> National Inquiry into Local Government Finance Report, AGPS, Canberra, 1985; Peter Self, Chairman

<sup>2</sup> Report on the Interstate Distribution of General Purpose Grants for Local Government, Commonwealth Grants Commission, AGPS, Canberra 1991

- *May 1984* - Commonwealth Government set up National Inquiry into Local Government Finance, chaired by Professor Peter Self.
- *May 1985* - Commonwealth Local Government (Personal Income Tax Sharing) Act amended to provide for an increase in funding for 1985-86 based on the 1984-85 allocation adjusted for any changes in the Consumer Price Index in the year ended March 1986, plus a 2 per cent real increase.
- *October 1985* - Self Inquiry report presented to Commonwealth Government.
- *Local Government (Financial Assistance) Act, 1986* - Came into operation on 1 July 1986 and replaced the Local Government (Personal Income Tax Sharing) Act, 1976.

It embodied a number of the recommendations of the Self Inquiry and changed the basis of funding by the Commonwealth and included a requirement that each State develop and submit to the Commonwealth by 1 July 1987 principles for the distribution of funds amongst local governing authorities.

South Australia's share of funds set at 8.5212 per cent for 1986-87 rising to 8.7890 per cent in 1988-89. Thereafter funds to be distributed between the States on an equal per capita basis using estimated resident populations at 31 December in the previous year.

Amended in June 1988 and June 1989 to provide new base funding levels for 1988-89 and 1989-90 respectively.

Amended in June 1991 to give effect to the Special Premiers' Conference decision to untie local roads funds and pay these through general purpose grants, and to provide the Treasurer with a discretion to set base funding at a level consistent with the underlying growth in general revenue assistance to the States.

- *February 1991* Report by the Commonwealth Grants Commission on the Interstate Distribution of General Purpose Grants for Local Government.
- *South Australian Local Government Grants Commission Act 1992*, was assented to on 21 May 1992, and replaced the South Australian Local Government Grants Commission Act 1976.
- *Local Government (Financial Assistance) Act 1995* - Came into operation on 1 July 1995, replaced the Local Government (Financial Assistance) Act 1986 and embodied recommended arrangements contained in the Discussion Paper conducted as part of the review of the previous Act.

It retained horizontal fiscal equalisation (subject to a minimum grant entitlement) as the primary mechanism for grant distribution and an equal per capita interstate distribution and replaced state by state principles with a set of national principles prepared by the Commonwealth Minister. It provided for the making of an annual report to the Federal Parliament on the operation of the Act and the performance of councils including their efficiency and services provided for Aboriginal & Torres Strait Islander Communities.

- *April 1998* – The South Australian Local Government Grants Commission's comprehensive methodology review of the general-purpose grant calculation was completed. The revised methodology was used, albeit constrained to minus 10% and plus 20% change, for the first time for the 1998-99 allocations.
- *April 1999* – refinement of the South Australian methodology, as it relates to the differences between councils in the cost associated with the reconstruction and maintenance of roads, was completed. The newly calculated cost relativity indices (previously known as disability factors) were used in the calculation of the South Australian grant allocations for 1999-2000.
- *May 2000* – refinement of the South Australian methodology, in relation to road lengths. The Commission with the assistance of a consultant mapped all councils' roads into a Geographical Information System format. The newly calculated road lengths were used in the calculation of the South Australian grant allocations for 2001-2002.
- *June 2000* – the Commonwealth Minister announced the review into the Local Government (Financial Assistance) Act 1995. The Commonwealth Grants Commission was commissioned to undertake the review. The final report was completed in June 2001.
- *June 2001* – the Commonwealth Minister received the report from the Commonwealth Grants Commission into the operations of the Commonwealth Local Government (Financial Assistance) Act 1995

- *June 2002* – the Commonwealth Minister announced the ‘*Inquiry into Local Government and Cost Shifting*’. The inquiry was conducted by the House of Representatives Standing Committee on Economics, Finance and Public Administration and was requested to inquire into, and report upon, cost shifting onto Local Government by State Governments and the financial position of Local Government.

This included an examination of: Local Government’s current roles and responsibilities and current funding arrangements. It also included an assessment of the findings of the Commonwealth Grants Commission’s review of the *Local Government (Financial Assistance) Act 1995* of June 2001.

- *February 2003* – the House of Representatives Standing Committee on Economics, Finance and Public Administration, as part of its “*Inquiry into Local Government and Cost Shifting*’ issued a discussion paper entitled ‘At the Crossroads.’
- *October 2003* - the House of Representatives Standing Committee on Economics, Finance and Public Administration, “Rates and Taxes: A Fair Share for Responsible Local Government, Final Report.
- *March 2004* – the Prime Minister announced \$26.25 million (over three years) in financial assistance to Local Government in South Australia to supplement the Identified Local Road Grants. This was made up of \$4.25 million in 2004-05, \$9 million in 2005-06 and \$13 million in 2006-07.
- *June 2005* – Government Response to the Report of the House of Representatives Standing Committee on Economics, Finance and Public Administration, *Rates and Taxes*.
- *August 2005* - *Rising to the Challenge, Towards: Financially Sustainable Local Government in South Australia – final report. Overview and supporting analysis*. Commissioned by the SA Local Government Association with the support of Local Government.
- *September 2005* – Commonwealth Grants Commission asked by the Commonwealth Government to review the interstate distribution of the Identified Local Road Grants
- *June 2006* – Commonwealth Grants Commission presented its report to the Commonwealth Government into the interstate distribution of the Identified Local Road Grants.
- *November 2006* – Issues Paper “*Review of the Interstate Distribution of Local Road Grants*” circulated by the Commonwealth Grants Commission.
- *January 2006* – Submission by South Australia to the Commonwealth Grants Commission regarding the review of the interstate distribution of Local Road Grants.
- *June 2006* - Commonwealth Grants Commission report to the Commonwealth Government completed.
- *June 2007* – Commonwealth Government’s response to the Commonwealth Grants Commission Report.
- *June 2007* – announcement of the continuation of the Roads to Recovery 2 program for the next four years (2005-06 to 2008-09). South Australia’s share is worth over \$57 million indexed in line, to reflect the change in the Financial Assistance Grants.
- *July 2007* – The Commission’s methodology review of the general-purpose grant calculation (inclusion of depreciation and additional expenditure functions) was completed. The revised methodology was used, albeit constrained to 0% no change and plus 10% change, for the first time for the 2007-08 allocations.
- *September 2007* – The Executive Officer and Staff of the Commission visited the Victorian Grants Commission to assess Victoria’s “Balanced Budget” methodology against the “Direct Assessment” methodology used in South Australia. Outcomes of the assessment demonstrated clear similarities between the two methodologies.
- *March 2008* – the Commission undertook a project in conjunction with the Local Government to provide grant support (approximately \$8,000) to councils identified as needing assistance with the development of their Asset Management Plans.
- *June 2008* – The Commission’s methodological review of the stormwater maintenance expenditure function was completed. The review re-assessed the cost driver for stormwater



maintenance and the factors, which influence the costs associated with the maintenance of stormwater. The revised methodology was used for the 2008-09 allocations. Changes in grants were constrained to minus 1% and positive 10% as a result of the changes.

- *March 2009* – announcement of the continuation of the third Roads to Recovery program for the next 5 years (2009-10 to 2013-14). South Australia’s share over life of the program will exceed \$145 million and \$21 million will be distributed by the Grants Commission under the Special Local Roads Program.
- *June 2009* – approximately one quarter of the 2009-10 Financial Assistance Grants were brought forward by the Commonwealth and paid in 2008-09. Allocation of the early payment of the 2009-10 grants was based on the 2008-09 distribution.
- *May 2010* – the Commission completed an investigation into the effects of decreasing property valuations on councils affected by drought and reductions in the availability of water for irrigation. The Commission found that while councils in the Riverland region were affected by drought, no specific services had been provided by councils to address the issue. The Commission concluded that its current methodology accounts for decreased capacity to raise revenue a result of decreases in property values.
- *June 2010* – approximately one quarter of the 2010-11 Financial Assistance Grants were brought forward by the Commonwealth and paid in 2009-10. Allocation of the early payment of the 2010-11 grants was based on the 2009-10 distribution.
- *May 2011* – the Commission’s investigation into the effects of growth within local government was completed. Commencing in 2009-10, the investigation looked at the effects of the State Government’s *30 Year Plan for Greater Adelaide* and its associated regional plans on population growth within local governing authorities. The investigations included consulting with councils to establish the costs associated with population increases, residential development, the need for increased infrastructure and services and the opportunities to raise additional revenue from expanding communities. The investigation also assessed the Commission’s current methodology to recognise growth within local government.
- *May 2011* – The Commission completed a review of the effects of including depreciation into its methodology for 2007-08 and associated withdrawal of capital expenditure from its methodology.
- *May 2011* – the Commission updated the unit of measure for the Sport and Recreation expenditure function calculation by increasing the population range from 5-49 years of age to 5-64 years of age.
- *May 2011* – The Commission completed a review on work undertaken in 2002-03 to assess the costs associated with the provision of airports and airstrips by local government. Investigations confirmed earlier work that the local government sector, on average, makes a profit from the provision of airstrips and airports.
- *May 2011* – The Commission reviewed the incorporation of Cost Relativity Indices into the expenditure function calculations for roads by revisiting its work from 2002-03. The Commission was able to confirm that there continues to be a lack of clear data available across the sector to measure traffic volumes. Investigations also found that the classification of roads can vary significantly across councils based on information obtained from a survey of council’s Asset Management Plans.
- *May 2011* – The Commission withdrew all calculations (on both the revenue and expenditure sides of the methodology) relating to libraries for a period of one year, based on inconsistencies found with libraries data.
- *May 2011* – The Commonwealth announced the extension of the Supplementary Local Road Funding for a further three years from 2011-12 to 2013-14, providing an additional \$50.9 million to South Australian councils.
- *June 2011* - approximately one quarter of the 2011-12 Financial Assistance Grants were brought forward by the Commonwealth and paid in 2010-11. Allocation of the early payment of the 2011-12 grants was based on the 2010-11 distribution.
- *May 2012* – For the 2<sup>nd</sup> year, the Commission withdrew all calculations (on both the revenue and expenditure sides of the methodology) relating to libraries due to ongoing concerns over inconsistencies found with libraries data.

- *May 2012* – as part of the 2012-13 Federal Budget, the Australian Government announced the continuation of the Roads to Recovery Program, providing \$1.75 billion over five years from 2014-15 to 2018-19 (\$350.0 million per annum).
- *June 2012* - approximately two quarters of the 2012-13 Financial Assistance Grants were brought forward by the Commonwealth and paid in 2011-12. Allocation of the early payment of the 2012-13 grants was based on the 2011-12 distribution.
- *August 2012* – the Commission commenced work on its first full review of its methodology since 1996-97. Terms of reference were established and the Commission went out to open tender to appoint a suitable consultant. KPMG were appointed to undertake the review and the review commenced in November 2012.
- *November 2012* – Issues Paper “*Review into Improving the impact of Financial Assistance Grants on Local Government Financial Sustainability*” circulated by the Commonwealth Grants Commission.
- *February 2013* – the Commission presented its submission to the Commonwealth Grants Commission on the review of Financial Assistance Grants.
- *June 2013* - approximately two quarters of the 2013-14 Financial Assistance Grants were brought forward by the Commonwealth and paid in 2012-13. Allocation of the early payment of the 2013-14 grants was based on the 2012-13 distribution.
- *June 2013* – KPMG presented the final report of the Methodology Review and recommendations to the Commission.
- *May 2014* – As part of the 2014-15 Federal Budget, the Australian Government “paused” indexation (the annual increase in the National pool of funding based on changes in CPI and population) of the Financial Assistance Grants for a period of three years, commencing 1 July 2014.
- *May 2014* – The Australian Government elected not to renew the Supplementary Local Road Funding program to South Australia. The Supplementary Local Road Funding program was provided from 2004-05 to 2013-14, providing \$135.4 million to Local Governing Authorities in South Australia.

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## **APPENDIX X - 2013 General Information, Supplementary Return & Financial Statements**

The South Australian Local Government Grants Commission would like to extend its sincere thanks to the following councils who submitted their 2012-13 General Information, Supplementary Returns and their Audited Financial Statements by the due date of 30 November 2013 and thereby facilitated the timely determination of grants.

- |                          |                           |
|--------------------------|---------------------------|
| 1. Alexandrina           | 24. Mitcham               |
| 2. Barossa               | 25. Murray Bridge         |
| 3. Berri Barmera         | 26. Naracoorte Lucindale  |
| 4. Campbelltown          | 27. Onkaparinga           |
| 5. Ceduna                | 28. Orroroo Carrieton     |
| 6. Charles Sturt         | 29. Playford              |
| 7. Cleve                 | 30. Port Adelaide Enfield |
| 8. Copper Coast          | 31. Robe                  |
| 9. Elliston              | 32. Roxby Downs           |
| 10. Flinders Ranges      | 33. Salisbury             |
| 11. Franklin Harbour     | 34. Southern Mallee       |
| 12. Gawler               | 35. Tatiara               |
| 13. Goyder               | 36. Tea Tree Gully        |
| 14. Grant                | 37. Unley                 |
| 15. Holdfast Bay         | 38. Victor Harbor         |
| 16. Kangaroo Island      | 39. Wakefield Regional    |
| 17. Karoonda East Murray | 40. Walkerville           |
| 18. Kimba                | 41. Wattle Range          |
| 19. Kingston             | 42. Whyalla               |
| 20. Light Regional       | 43. Wudinna               |
| 21. Mallala              | 44. Yankalilla            |
| 22. Marion               | 45. Yorke Peninsula       |
| 23. Mid Murray           |                           |

**APPENDIX XI - Financial Statements**

**SOUTH AUSTRALIAN LOCAL GOVERNMENT GRANTS COMMISSION**

# Financial Statements

For the Year Ended 30 June 2014

## STATEMENT OF COMPREHENSIVE INCOME

for the Year Ended 30 June 2014

	Note	2014 \$' 000	2013 \$' 000
<b>Expenses</b>			
Employee benefits expenses	4	300	360
Supplies and services	5	65	324
Grants and subsidies	6	-	116
<b>Total expenses</b>		<b>365</b>	<b>800</b>
<b>Income</b>			
Interest revenue	8	134	54
Sale of goods	9	-	6
Other income	10	1	-
<b>Total income</b>		<b>135</b>	<b>60</b>
<b>Net cost of providing services</b>		<b>(230)</b>	<b>(740)</b>
<b>Revenues from / Payments to SA Government</b>			
Revenues from SA Government	11	419	485
<b>Net result</b>		<b>189</b>	<b>(255)</b>
<b>Total comprehensive result</b>		<b>189</b>	<b>(255)</b>

The net result and total comprehensive result are attributable to the SA Government as owner.

The above statement should be read in conjunction with the accompanying notes.

## STATEMENT OF FINANCIAL POSITION

as at 30 June 2014

	Note	2014 \$' 000	2013 \$' 000
<b>Current assets</b>			
Cash	12	982	807
Receivables	13	2	2
<b>Total current assets</b>		<b>984</b>	<b>809</b>
<b>Total assets</b>			
		<b>984</b>	<b>809</b>
<b>Current liabilities</b>			
Payables	14	17	65
Employee benefits	15	31	43
<b>Total current liabilities</b>		<b>48</b>	<b>108</b>
<b>Non-current liabilities</b>			
Payables	14	11	7
Employee benefits	15	112	70
<b>Total non-current liabilities</b>		<b>123</b>	<b>77</b>
<b>Total liabilities</b>		<b>171</b>	<b>185</b>
<b>Net assets</b>		<b>813</b>	<b>624</b>
<b>Equity</b>			
Retained earnings		813	624
<b>Total equity</b>		<b>813</b>	<b>624</b>

The total equity is attributable to the SA Government as owner.

Unrecognised contractual commitments	16
Contingent assets and liabilities	17

The above statement should be read in conjunction with the accompanying notes.

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**SOUTH AUSTRALIAN LOCAL GOVERNMENT GRANTS COMMISSION**


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**STATEMENT OF CHANGES IN EQUITY**
**for the Year Ended 30 June 2014**

	Retained Earnings \$' 000	Total \$' 000
<b>Balance at 30 June 2012</b>	<b>871</b>	<b>871</b>
Net Result for 2012-13	(255)	(255)
Total comprehensive result for 2012-13	(255)	(255)
<b>Balance at 30 June 2013</b>	<b>616</b>	<b>616</b>
Prior period adjustment	8	8
<b>Balance at 30 June 2013</b>	<b>624</b>	<b>624</b>
Net Result for 2013-14	189	189
Total comprehensive result for 2013-14	189	189
<b>Balance at 30 June 2014</b>	<b>813</b>	<b>813</b>

**All changes in equity are attributable to the SA Governmnet as owner.**

The above statement should be read in conjunction with the accompanying notes.

## STATEMENT OF CASH FLOWS

for the Year Ended 30 June 2014

	Note	2014 \$' 000	2013 \$' 000
		Inflows (Outflows)	Inflows (Outflows)
<b>Cash flows from operating activities</b>			
<b>Cash outflows</b>			
Employee benefit payments		(267)	(342)
Supplies and services		(112)	(264)
Grants and subsidies		-	(116)
<b>Cash used in operations</b>		<b>(379)</b>	<b>(722)</b>
<b>Cash inflows</b>			
Sale of goods		-	6
Interest received		134	55
Other receipts		1	-
<b>Cash generated from operations</b>		<b>135</b>	<b>61</b>
<b>Cash flows from (payments to) SA Government</b>			
Receipts from SA Government		419	485
<b>Cash generated from SA Government</b>		<b>419</b>	<b>485</b>
<b>Net cash provided by/(used in) operating activities</b>	18	<b>175</b>	<b>(176)</b>
<b>Net increase/(decrease) in cash</b>		<b>175</b>	<b>(176)</b>
Cash at 1 July		807	983
<b>Cash at 30 June</b>	12	<b>982</b>	<b>807</b>

The above statement should be read in conjunction with the accompanying notes.



**SOUTH AUSTRALIAN LOCAL GOVERNMENT GRANTS COMMISSION**

**Notes to and  
Forming Part of the  
Financial Statements**

**For the Year Ended 30 June 2014**

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## SOUTH AUSTRALIAN LOCAL GOVERNMENT GRANTS COMMISSION

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### Notes to the Financial Statements

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#### 1. Objectives of the South Australian Local Government Grants Commission

The South Australian Local Government Grants Commission (the Commission) is responsible for making recommendations to the Minister for Local Government on the distribution of untied Commonwealth financial assistance grants to local governing authorities in South Australia in accordance with State and Federal legislative requirements.

#### 2. Summary of significant accounting policies

##### a) Statement of compliance

The financial statements of the Commission have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987*.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards, and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provision of the *Public Finance and Audit Act 1987*.

The Commission has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Commission is a not-for-profit entity.

##### b) Basis of preparation

The preparation of the financial statements requires:

- The use of certain accounting estimates where management is required to exercise its judgment in the process of applying the Commission's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes;
- Accounting policies to be selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and
- Compliance with accounting policy statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, which have been included in this financial report:
  - a) Revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature; and
  - b) Commission member and remuneration information where a commission member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The Commission's Statement of Comprehensive income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets that were valued in accordance with the applicable valuation policy.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a twelve month period and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2014 and the comparative information presented.

**c) Reporting Entity**

The Commission was established pursuant to the *South Australian Local Government Grants Commission Act 1992*, which prescribes its responsibilities in accordance with the provisions of the *Commonwealth Local Government (Financial Assistance) Act 1995*.

The Commission distributes Commonwealth financial assistance grants to local governing authorities in South Australia in accordance with State and Federal legislative requirements. The assistance grants are an administered function of the Commission. All revenues and expenditures from the receipt and disbursement of grant funds, and any year end cash balances are reflected separately in Note 22.

**d) Transfer of Administrative Responsibility**

*Public Sector (Reorganisation of Public Sector Operations) Notice 2013* declared that effective from 1 August 2013 employees of the Commission would transfer from the Department of the Premier and Cabinet to the Department of Primary Industries and Regions (PIRSA). As a result of this restructuring of administrative arrangements, the Commission's administrative responsibility transferred to PIRSA during 2013-14.

**e) Comparative Information**

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements have required a change.

Where presentation or classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation in these financial statements unless impracticable.

The restated comparative amounts do not replace the original financial statements for the preceding period.

**f) Rounding**

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

**g) Taxation**

The Commission is not subject to income tax. The Commission is liable for payroll tax, fringe benefits tax, goods and services tax (GST) and the emergency services levy.

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred, on a purchase of goods or services is not recoverable from the Australian Taxation Office (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable.
- receivables and payables which are stated with the amount of GST included.

The net amount of the GST receivable/payable to the ATO is not recognised as a receivable/payable in the Statement of Financial Position as the Commission is a member of an approved GST group of which PIRSA is responsible for the remittance and collection of GST.

There are no cash flows relating to GST transactions with the ATO in the Statement of Cash Flows.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from or payable to, the ATO. If GST is not payable to, or recoverable from, the ATO, the commitments and contingencies are disclosed on a gross basis.

**h) Events after the reporting period**

No events have occurred after the reporting date that would affect the financial statements of the Commission as at 30 June 2014. As a result of restructuring of administrative arrangements outlined in the Government Gazette on 26 June 2014, the administrative responsibility for the Commission transferred from PIRSA to the Department of Planning, Transport and Infrastructure on 1 July 2014.

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**i) Income**

Income is recognised to the extent that it is probable that the flow of economic benefits to the Commission will occur and can be reliably measured.

Income has been aggregated according to its nature and has not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

***Sale of goods***

Revenue from the sale of goods is derived from the provision of additional road length data to councils above that provided free of charge. This revenue is recognised upon delivery of goods to the clients.

***Interest***

Interest is recognised on a time proportionate basis as it accrues, taking into account the effective yield on the financial asset.

***Revenues from SA Government***

Appropriations for program funding are recognised as revenues when the Commission obtains control over the funding. Control over appropriations is normally obtained upon receipt.

Where money has been appropriated in the form of a loan, the Commission has recorded a loan receivable.

Where money has been appropriated in the form of an equity contribution, the Treasurer has acquired a financial interest in the net assets of the Commission and the appropriation is recorded as contributed equity.

***Other income***

Other income consists of other miscellaneous revenue.

**j) Expenses**

Expenses are recognised to the extent that it is probable that the flow of economic benefits from the Commission will occur and can be reliably measured.

Expenses have been aggregated according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

***Employee benefits expenses***

Employee benefits expenses include all costs related to employment including wages and salaries, non-monetary benefits and leave entitlements. These are recognised when incurred.

***Superannuation***

The amount charged to the Statement of Comprehensive Income represents the contributions made by the Commission to the superannuation plan in respect of services of current staff. The Department of Treasury and Finance centrally recognises the superannuation liability in the whole of government financial statements.

***Grants and subsidies***

For grants and subsidies payable, the grants and subsidies will be recognised as a liability and expense when the entity has a present obligation to pay the grants and subsidies and the expense recognition criteria are met.

All contributions paid by the Commission have been contributions with unconditional stipulations attached.

**k) Current and non-current classification**

Assets and liabilities are characterised as either current or non-current in nature. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within 12 months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

**l) Assets**

Assets have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

**Cash**

Cash in the Statement of Financial Position includes cash at bank.

For the purpose of the Statement of Cash Flows, cash consists of cash as defined above.

Cash is measured at nominal value.

**Receivables**

Receivables include amounts receivable from goods and services, prepayments and other accruals.

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are generally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Commission will not be able to collect the debt. Bad debts are written off when identified.

**m) Liabilities**

Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Where a liability line item combines amounts expected to be settled within 12 months and more than 12 months, the amounts expected to be settled after more than 12 months are separately disclosed.

**Payables**

Payables include creditors, accrued expenses and employment on-costs.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Commission.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

All payables are measured at their nominal amount, are unsecured and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Employee benefit on-costs include payroll tax, workcover levies and superannuation contributions in respect to outstanding liabilities for salaries and wages, long service leave, annual leave and skills and experience retention leave..

The Commission makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to contributions due but not yet paid to the superannuation scheme managers.

**Employee benefits**

These benefits accrue for employees as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

#### Salaries and wages, annual leave, skills and experience retention leave and sick leave

The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability and the skills and experience retention leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. Where annual leave and skills and experience retention leave liabilities are payable later than 12 months, the liability is measured at present value.

No provision has been made for sick leave, as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

#### Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

The estimated liability for long service leave is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities across government. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

#### **n) Unrecognised contractual commitments and contingent assets and liabilities**

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO. If GST is not payable to, or recoverable from, the ATO, the commitments and contingencies are disclosed on a gross basis.

### **3 New and revised accounting standards and policies**

The Commission did not voluntarily change any of its accounting policies during 2013-14.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Commission for the reporting period ending 30 June 2014. The Commission has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Commission.

<b>4 Employee benefits expenses</b>		
	<b>2014</b>	<b>2013</b>
	<b>\$' 000</b>	<b>\$' 000</b>
Salaries and wages	167	215
Annual leave	19	28
Long service leave	33	13
Skills and experience retention leave	-	2
Employment on-costs - superannuation	23	27
Employment on-costs - other	14	16
Commission fees	44	46
Other employee related expenses	-	13
<b>Total employee benefits expenses</b>	<b>300</b>	<b>360</b>

<b>5 Supplies and services</b>		
	<b>2014</b>	<b>2013</b>
	<b>\$' 000</b>	<b>\$' 000</b>
<b>Supplies and services provided by entities within SA Government</b>		
Professional and technical services <sup>(1)</sup>	10	9
Administrative and operating costs	-	96
Computing and communications costs	30	27
<b>Total supplies and services - SA Government entities</b>	<b>40</b>	<b>132</b>
<b>Supplies and services provided by entities external to the SA Government</b>		
Professional and technical services	16	173
Administrative and operating costs	3	6
Computing and communications costs	4	-
Travel	2	13
<b>Total supplies and services - non SA Government entities</b>	<b>25</b>	<b>192</b>
<b>Total supplies and services</b>	<b>65</b>	<b>324</b>

<sup>(1)</sup> Includes audit fees paid/payable to the Auditor-General's Department, refer to Note 7.

<b>6 Grants and subsidies</b>		
	<b>2014</b>	<b>2013</b>
	<b>\$' 000</b>	<b>\$' 000</b>
<b>Grants and subsidies paid/payable to entities external to the SA Government</b>		
Refunded grant applied to Local Government Financial Assistance Grants	-	116
<b>Total grants and subsidies - non-SA Government entities</b>	<b>-</b>	<b>116</b>

<b>7 Auditor's remuneration</b>		
	<b>2014</b>	<b>2013</b>
	<b>\$' 000</b>	<b>\$' 000</b>
Audit fees paid/payable to the Auditor-General's Department	10	9
<b>Total auditor's remuneration</b>	<b>10</b>	<b>9</b>

**Other services**

No other services were provided by the Auditor-General's Department.

<b>8 Interest revenue</b>		
	<b>2014</b>	<b>2013</b>
	<b>\$' 000</b>	<b>\$' 000</b>
Interest from the Department of Treasury and Finance	134	54
<b>Total interest revenue</b>	<b>134</b>	<b>54</b>



<b>9 Sale of goods</b>		
	2014	2013
	\$' 000	\$' 000
<b>Sale of good received/receivable from entities external to SA Government</b>		
Sale of database reports	-	6
<b>Total sale of goods - non-SA Government entities</b>	<b>-</b>	<b>6</b>
<b>10 Other income</b>		
	2014	2013
	\$' 000	\$' 000
<b>Other income received/receivable from entities external to SA Government</b>		
Reimbursements/recoveries	1	-
<b>Total other income - non-SA Government entities</b>	<b>1</b>	<b>-</b>
<b>11 Revenues from SA Government</b>		
	2014	2013
	\$' 000	\$' 000
<b>Revenues from SA Government</b>		
Appropriations from Consolidated Account pursuant to the Appropriation Act	419	485
<b>Total revenues from SA Government</b>	<b>419</b>	<b>485</b>
<b>12 Cash</b>		
	2014	2013
	\$' 000	\$' 000
Deposits with the Treasurer	982	807
<b>Total cash</b>	<b>982</b>	<b>807</b>
<b>Interest rate risk</b>		
Deposits at call and with the Treasurer earn a floating interest rate, based on daily banking deposit rates. The carrying amount of cash and cash equivalents approximates fair value.		
<b>13 Receivables</b>		
	2014	2013
	\$' 000	\$' 000
<b>Current</b>		
Accrued interest on deposits	2	2
<b>Total current receivables</b>	<b>2</b>	<b>2</b>
<b>Total receivables</b>	<b>2</b>	<b>2</b>
<b>Receivables from SA Government entities</b>		
Accrued interest revenues	2	2
<b>Total receivables from SA Government entities</b>	<b>2</b>	<b>2</b>
<b>Total receivables</b>	<b>2</b>	<b>2</b>

<b>14 Payables</b>		
	<b>2014</b>	<b>2013</b>
	<b>\$' 000</b>	<b>\$' 000</b>
<b>Current</b>		
Creditors	-	60
Accrued expenses	13	-
Employment on-costs	4	5
<b>Total current payables</b>	<b>17</b>	<b>65</b>
<b>Non-current</b>		
Employment on-costs	11	7
<b>Total non-current payables</b>	<b>11</b>	<b>7</b>
<b>Total payables</b>	<b>28</b>	<b>72</b>
<b>Government / non-Government payables</b>		
<b>Payables to SA Government entities</b>		
Creditors and accrued expenses	13	12
Employment on-costs	7	6
<b>Total payables to SA Government entities</b>	<b>20</b>	<b>18</b>
<b>Payables to non-SA Government entities</b>		
Creditors and accrued expenses	-	48
Employment on-costs	8	6
<b>Total payables to non-SA Government entities</b>	<b>8</b>	<b>54</b>
<b>Total payables</b>	<b>28</b>	<b>72</b>

Creditors and accruals are raised for all amounts billed but unpaid. Creditors are normally settled within 30 days and employment on-costs are settled when the related employee benefit is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

<b>15 Employee benefits</b>		
	<b>2014</b>	<b>2013</b>
	<b>\$' 000</b>	<b>\$' 000</b>
<b>Current</b>		
Annual leave	13	23
Skills and experience retention leave	1	2
Long service leave	10	18
Accrued salaries and wages	7	-
<b>Total current employee benefits</b>	<b>31</b>	<b>43</b>
<b>Non-current</b>		
Long service leave	112	70
<b>Total non-current employee benefits</b>	<b>112</b>	<b>70</b>
<b>Total employee benefits</b>	<b>143</b>	<b>113</b>

AASB 119 requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds has decreased from 2013 (3.75%) to 2014 (3.5%).

This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4%. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

#### **16 Unrecognised contractual commitments**

No material commitments exist as at 30 June 2014.

#### **17 Contingent assets and contingent liabilities**

The Commission is not aware of any contingent assets or liabilities as at 30 June 2014.

**18 Cash flow reconciliation**

	2014	2013
	\$' 000	\$' 000
<b>Reconciliation of cash at the end of the reporting period:</b>		
Statement of Cash Flows	982	807
<b>Statement of Financial Position</b>	<b>982</b>	<b>807</b>
<b>Reconciliation of net cash provided by operating activities to net cost of providing services:</b>		
Net cash provided by/(used in) operating activities	175	(176)
Less: Revenue from SA Government	(419)	(485)
<b>Changes in assets/liabilities</b>		
Increase/(decrease) in receivables	-	(1)
(Increase)/decrease in payables	44	(61)
(Increase)/decrease in employee benefits	(30)	(17)
<b>Net cost of providing services</b>	<b>(230)</b>	<b>(740)</b>

**19 Event after balance date**

As a result of restructuring of administrative arrangements outlined in the Government Gazette on 26 June 2014, the administrative responsibility for the Commission transferred from PIRSA to the Department of Planning, Transport and Infrastructure on 1 July 2014.

**20 Remuneration of commission members**

Members that were entitled to receive remuneration for membership during the year are listed below in the following summary table:

Gascoigne C J  
 Patetsos M  
 Ross J (Retired - January 4, 2014)  
 Vickery R J (Appointed - February 13, 2014)

The number of members whose remuneration received or receivable falls within the following bands:	2014	2013
\$0 - \$9 999	2	-
\$10 000 - \$19 999	1	2
\$20 000 - \$29 999	1	1
<b>Total number of members</b>	<b>4</b>	<b>3</b>

Remuneration of members reflects all costs of performing commission member duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$47,000 (\$46,000).

Amounts paid or payable to a superannuation plan for commission members was \$4,000 (\$4,000).

Unless otherwise disclosed, transactions between members are on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

**21 Disclosures of administered items**

	2014	2013
	\$' 000	\$' 000
<b>Administered revenues - Commonwealth receipts</b>		
Commonwealth Financial Assistance Grants	76,341	146,081
Commonwealth Roads to Recovery Grants	4,800	4,370
Commonwealth Specific Purpose Grants	17,815	16,862
Refunds received by the Commission applied to program	-	116
<b>Total administered revenues - Commonwealth receipts</b>	<b>98,956</b>	<b>167,429</b>
<b>Administered expenses - Commonwealth payments</b>		
Commonwealth Financial Assistance Grants	76,341	146,197
Commonwealth Roads to Recovery Grants	4,800	4,370
Commonwealth Specific Purpose Grants	17,815	16,862
<b>Total administered expenses - Commonwealth payments</b>	<b>98,956</b>	<b>167,429</b>

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**SOUTH AUSTRALIAN LOCAL GOVERNMENT GRANTS COMMISSION**


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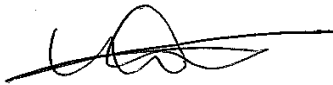
**Certification of the Financial Statements**


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We certify that the attached general purpose financial statements for the South Australian Local Government Grants Commission:

- comply with relevant Treasurer's instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and any relevant Australian accounting standards;
- are in accordance with the accounts and records of the Commission; and
- present a true and fair view of the financial position of the South Australian Local Government Grants Commission as at 30 June 2013 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the South Australian Local Government Grants Commission for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



.....  
 Mary Patetsos  
**Chair Person**  
**South Australian Local**  
**Government Grants Commission**

27 November 2013



.....  
 Peter Ilee  
**Executive Officer**  
**South Australian Local Government**  
**Grants Commission**

27 November 2013

**INDEPENDENT AUDITOR'S REPORT**

**Government of South Australia**  
Auditor-General's Department

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www.audit.sa.gov.au

**To the Chairperson**  
**South Australian Local Government Grants Commission**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the accompanying financial report of the South Australian Local Government Grants Commission for the financial year ended 30 June 2013. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2013
- a Statement of Financial Position as at 30 June 2013
- a Statement of Changes in Equity for the year ended 30 June 2013
- a Statement of Cash Flows for the year ended 30 June 2013
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Chairperson and the Executive Officer.

**The members of the South Australian Local Government Grants Commission's Responsibility for the Financial Report**

The members of the South Australian Local Government Grants Commission are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as the members of the South Australian Local Government Grants Commission determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the members of the South Australian Local Government Grants Commission, as well as the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial report gives a true and fair view of the financial position of the South Australian Local Government Grants Commission as at 30 June 2013, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.



**S O'Neill**  
**AUDITOR-GENERAL**  
3 December 2013