



South Australian
Local Government Grants Commission


Annual Report 2014 - 15

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 2014-15.

Yours sincerely



Mary Patetsos
CHAIR

TABLE OF CONTENTS

CHAIR'S INTRODUCTION	1
CHAPTER 1 - THE COMMISSION.....	3
Membership	3
Location	3
Staff	3
Purpose	3
Reporting Arrangements and Funding	3
Freedom of Information	3
Commission Meetings	3
CHAPTER 2 - COMMISSION ACTIVITIES 2014-15.....	5
Grant Allocation	5
Methodology Review (ongoing refinement)	5
Information Collection and Storage	8
Council Visits	8
Special Local Roads Program and the Local Government Transport Advisory Panel.....	9
Matters Referred By the Minister	9
The Year Ahead	9
CHAPTER 3 - LEGISLATIVE FRAMEWORK	11
Commonwealth Local Government (Financial Assistance) Act 1995	11
South Australian Local Government Grants Commission Act 1992	12
Eligible Bodies.....	12
CHAPTER 4 - National Principles, General Purpose & Road Grants.....	13
General Purpose National Principles.....	13
(i) Horizontal Equalisation	13
(ii) Effort Neutrality	13
(iii) Minimum Grant	13
(iv) Other Grant Support	13
(v) Aboriginal Peoples and Torres Strait Islanders	13
(vi) Council Amalgamation.....	13
Identified Road Component National Principle	13
(vii) Identified Road Component.....	13
CHAPTER 5 - METHODOLOGY	14
General Purpose Grant.....	14
Formulae	14
Calculated standards by function	18
Identified Local Road Grant	19
Outback Communities Authority	19
Aboriginal Communities.....	19
CHAPTER 6 – GRANT ALLOCATIONS FOR 2015-16.....	20
APPENDIX I - Member profiles	22
APPENDIX II - Freedom of Information Act 1991.....	23
Statement Section 9	23
APPENDIX III – Final Grant Allocations For 2014-15	24
APPENDIX IV - Road Lengths by Council by Surface Type as at 30 June 2014.....	26
APPENDIX V – Cost Relativity Indices - 2015-16 Financial Assistance Grants	28
APPENDIX VI – Revenue relativity index – 2015-16 Financial Assistance Grants	29
APPENDIX VII – Revenue Units of Measure by function	30
APPENDIX VIII – Units of Measure by function - Expenditure.....	31
APPENDIX IX - Background of Financial Assistance Grants to Local Government.....	34
APPENDIX X – 2013-14 General Information, Supplementary Return & Financial Statements	39
APPENDIX XI - Financial Statements	40
Note 1: Objectives of the South Australian Local Government Grants Commission.....	47
Note 2: Summary of Significant Accounting Policies	47
Note 3: New and Revised Accounting Standards and Policies.....	52

Note 4:	Employee Benefit Expenses	53
Note 5:	Supplies and Services	53
Note 6:	Auditor’s Remuneration	54
Note 7:	Interest Revenue	54
Note 8:	Other Income	54
Note 9:	Revenues from SA Government	54
Note 10:	Cash	54
Note 11:	Receivables	55
Note 12:	Payables	55
Note 13:	Employee Benefits	55
Note 14:	Unrecognised Contractual Commitments	56
Note 15:	Contingent Assets and Liabilities	56
Note 16:	Cash Flow Reconciliation.....	56
Note 17:	Transactions with SA Government.....	57
Note 18:	Remuneration of Commission Members	57
Note 19:	After Balance Date Events	58
Note 20:	Disclosures of Administered Items	58

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 2014-15, the Commission made recommendations on the distribution of Financial Assistance Grants for 2015-16 totalling almost \$152 million. Of this, \$113.4 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 -0.98 percent and the same proportion of identified road grants as the previous year, resulting in an overall decrease of -0.74 percent over the previous year.

The decrease in grant funding is attributable to the measures originally announced as part of the 2014-15 Federal Budget, where 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.

This budget measure has had a significant effect on local governing authorities in South Australia over the past couple of years. The share of the pool of funding for South Australia is decreasing, due to South Australia's reducing share of the National population. The reducing share of grants meant that South Australia's share of grant funding reduced by \$1.1 million for 2015-16, which will have a significant impact on the ability of local governing authorities to provide services to their communities.

In addition, funding provided under the Supplementary Local Roads Funding program was not reinstated as part of the 2015-16 Federal Budget. The loss of this funding further exacerbates the 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 was undertaken during 2012-13 by KPMG. Recommendations from this review were assessed by the Commission during 2014-15 and some recommendations incorporated into the 2015-16 grants.

In line with the KPMG recommendations, the Commission has maintained its existing methodology in respect of the assessment of each local governing authority against the average across the State, has re-introduced library subsidies and the libraries expenditure function and increased the proportion of councils operating expenditure included in the assessment process.

As a result of the 2015-16 Federal Budget measures, the Commission reduced general purpose grants to around three quarters of the States local governing authorities and small increases in grants were provided to one quarter of councils assessed as having the greatest need.

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 2014-15.

In keeping with progressive updates made in previous years, the Commissions Supplementary Return was again updated in 2014-15 to reflect changes in the Model Financial Statements used by the local government sector.

The Commission and its staff were relocated to the Department of Planning, Transport and Infrastructure (DPTI) in September 2014 as part of machinery of government changes. The Commission's work was supported by resources provided by DPTI throughout the remainder of 2014-15 and the Commission's annual work program and additional staffing requirements with the Department were supported under the terms of a Service Level Agreement.

Staff committed to support the Commission includes our Executive Officer, Peter Ilee and Senior Project Officer, Alex Sgro. Additional resources from DPTI are due to be provided early in the new financial year.

After a long period as the LGA Member Nominee on the Commission, Councillor John Ross (Tatiara Council) retired from the Commission in January 2014. Mr Richard Vickery (previous Mayor of Tatiara Council), who took over on a temporary basis from Cr Ross in September 2014 completed his appointment in January 2015.

A new member of the Commission, Cr Luke Hutchinson, was appointed in April 2015. Cr Hutchinson, an LGA Nominee, is a member of the Corporation of the City of Marion and has been appointed for a period of 2 years to April 2017.

The Commission's Project Officer, Lyn Skouborg, also retired in June 2015. Lyn has provided administration and project support to the Commission since 1999 and her skills in managing the General Information Returns and organising our visiting program will be sorely missed. She was also involved in organising the 2004 and 2011 National Conferences for the Commission. We wish Lyn well in her retirement.

As part of the support provided by DPTI, a new Project Officer, Sharon Underwood will commence working with the Commission early in the new financial year.

In closing, I would like to acknowledge the efforts of Commissioner Richard Vickery for his contribution to the Commission and wish him well for the future. Thanks also to Commissioners Jane Gascoigne, Luke Hutchinson 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 2014-15 were:

- Mary Patetsos, Chair from 11 August 2010 until 10 August 2015, joint nominee of the Local Government Association and Minister for Local Government and a Commissioner since 2002;
- Jane Gascoigne, Commissioner from 1 August 2010 to 31 July 2016, nominee of the Minister for Local Government;
- Richard Vickery from 13 February 2014 to 31 January 2015, nominee of the Local Government Association; and
- Luke Hutchinson from 2 April 2015 to 1 April 2017, nominee of the Local Government Association.

For member profiles see *Appendix I*.

Location

The Commission's office is located on Level 7, Roma Mitchell House, 136 North Tce, Adelaide. Telephone (08) 7109 7164. E-mail: grants.commission@sa.gov.au.

Staff

The Commission is provided with administrative support by the Department of Planning, Transport and Infrastructure (DPTI). 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 DPTI.

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 Manager, Office of Local Government.

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) 7109 7164 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 2014-15 is provided below.

Meeting Date	Meeting Participants
10 July 2014	<p>Commissioners Ms Mary Patetsos (C), Ms Jane Gascoigne and Mr Richard Vickery.</p> <p>Attendees Mr Peter Ilee (EO), Ms Lyn Skouborg and Mr Mick Petrovski. <i>Apologies:</i> Mr Alex Sgro</p>
22 October 2014	<p>Commissioners Ms Mary Patetsos (C), Ms Jane Gascoigne and Mr Richard Vickery.</p> <p>Attendees Mr Peter Ilee (EO), Mr Alex Sgro, Ms Lyn Skouborg and Mr Mick Petrovski.</p>
26 November 2014	<p>Commissioners Ms Mary Patetsos (C), Ms Jane Gascoigne and Mr Richard Vickery.</p> <p>Attendees Mr Peter Ilee (EO), Mr Alex Sgro, Ms Lyn Skouborg, Mr Michael Deegan, Mr Stuart Moseley and Mr Mick Petrovski.</p>
25 February 2015	<p>Commissioners Ms Mary Patetsos (C) and Ms Jane Gascoigne.</p> <p>Attendees Mr Peter Ilee (EO), Mr Alex Sgro and Ms Alex Hart. <i>Apologies:</i> Ms Lyn Skouborg.</p>
25 March 2015	<p>Commissioners Ms Mary Patetsos (C) and Ms Jane Gascoigne.</p> <p>Attendees Mr Peter Ilee (EO), Mr Alex Sgro, Ms Lyn Skouborg, and Ms Alex Hart. <i>Apologies:</i> Mr Stuart Moseley</p>
22 April 2015	<p>Commissioners Ms Mary Patetsos (C), Ms Jane Gascoigne and Mr Luke Hutchinson.</p> <p>Attendees Mr Peter Ilee (EO), Mr Alex Sgro, Ms Lyn Skouborg, and Ms Alex Hart.</p>
27 May 2015	<p>Commissioners Ms Mary Patetsos (C), Ms Jane Gascoigne and Mr Luke Hutchinson.</p> <p>Attendees Mr Peter Ilee (EO), Mr Alex Sgro, Ms Lyn Skouborg, and Ms Alex Hart.</p>
24 June 2015	<p>Commissioners Ms Mary Patetsos (C), Ms Jane Gascoigne and Mr Luke Hutchinson.</p> <p>Attendees Mr Peter Ilee (EO), Mr Alex Sgro, Ms Lyn Skouborg and Ms Sharon Underwood. <i>Apologies:</i> Ms Alex Hart</p>

(C) Denotes Chair (or Presiding Member).

(EO) Denotes Commission's Executive Officer

CHAPTER 2 - COMMISSION ACTIVITIES 2014-15

Grant Allocation

The total 2014-15 allocation of \$152,694,594 was increased following the end of the financial year by \$491,326 after adjustments for rounding by the Australian Government. This rounding increase will be passed on to councils in the four quarterly instalments during 2015-16. The actual allocation figure, which includes the adjusted 2014-15 allocations, is shown in *Appendix III*.

For 2015-16, the Commission made recommendations on the distribution of \$152,056,530 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 2015-16 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 from 2014-15 to 2016-17 as part of the 2014-15 Federal Budget.

The Supplementary Local Road Funding program was not reinstated by the Australian Government as part of the 2015-16 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 \$113,400,384, a reduction of -0.98 percent over 2014-15. The identified local road component was \$38,656,146, a zero percent increase over the 2014-15 road component.

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 2013) were used in the calculation of the 2014-15 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.

During 2014-15, the Commission reviewed the recommendations made by KPMG and Commission staff tested recommendations made for changes to elements of the existing methodology. For 2015-16, the Commission committed to a number of the recommendations, including; maintaining the existing assessment process; increasing the amount of council expenditure included in the assessment process; and re-introducing the libraries expenditure function and library subsidies in the assessment process.

The Commission also included other changes to the methodology for 2015-16 as a result of its own ongoing review processes and the introduction of the new South Australian Integrated Land Information System (SAILIS). These changes included expanding the Unit of Measure for the Waste Management expenditure function to include rural and commercial (shop) properties, and reviewing its

land valuation data from DPTI to reflect the implementation of SAILIS and valuation data more closely matched to local government.

Information Collection and Storage

In 2012, the Commission worked with DPTI and the Office of Local Government 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 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.

As a result of the implementation of the new SAILIS system, the Commission has also reviewed and re-developed its land valuation information. The Commission now maintains its own database and reviewed previous business rules for extraction and compilation of data.

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 2014-15, 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.

Visited in December 2014

Berri Barmera Council
Gerard Aboriginal Community
District Council of Loxton Waikerie
Renmark Paringa Council

Visited in December 2014

The Barossa Council
Town of Gawler
Light Regional Council
District Council of Mallala

Visited in April/May 2015

Kangaroo Island Council
District Council of Mount Barker
City of Victor Harbor
District Council of Yankalilla

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 (LGTAP).

The LGTAP is a Panel of the LGA, who provide executive support. The Panel'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 Panel comprises Mayor Ray Agnew, (Mayor, Yorke Peninsula Council), as Chairperson, Mr Don Hogben (General Manager, Planning and Transport, Department of Planning, Transport and Infrastructure), Wally Iasiello (Director, Technical Services, City of Port Adelaide Enfield), Mr Richard Dodson (General Manager, Infrastructure and Works, Light Regional 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 Panel calls for submissions from Local Government Regional Associations, which are asked to determine regional priorities within their areas.

For 2015-16, \$5.798 million will be allocated to specific projects under the Financial Assistance Grants program, \$8.520 million from the Special Projects component of the Standard Roads to Recovery Grants and \$3.655 million from the Special Projects component of the Additional Roads to Recovery Grants (Fuel Excise). A total of \$17.97 million will be allocated to 27 projects across the State for 2015-16.

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 Planning, Transport 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 (General Manager, Planning and Transport, 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. The Minister made no references to the Commission under this section during 2014-15.

The Year Ahead

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

During 2015-16, the Commission will undertake a review of its "other needs assessment" (otherwise known as Function 50).

Collection and dissemination of South Australia's Local Government Finance Statistics will again be a major focus in 2015-16. The Commission will continue to work with the LGA, Office of Local Government, 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 also continued a strong collaborative relationship with the LGA during 2014-15, maintaining a number of strategies to improve its data collection and reduce its reliance on the Australian Bureau of Statistics. This will continue in 2015-16.

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.

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 2015-16 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 2015-16 and is planning to visit the remote Aboriginal Communities, Coober Pedy, Roxby Downs councils and the Outback Communities Authority. 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 2015-16 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 South Australia for 2015-16 was reduced due to the Australian Government paused indexation of the Financial Assistance Grants. The Supplementary Local Road Funding program was also not reinstated in the 2015-16 Federal Budget, significantly impacting on the grant allocations to South Australia.

Entitlements for all States for 2014-15 and for 2015-16 are set out in Tables 1 and 2 below and overleaf.

TABLE 1 - Commonwealth General Purpose Financial Assistance for Local Government, State and Territory Entitlements 2014-15 and 2015-16

State	2014-15				
	Proportion (adjusted for actual) (%)	Allocation (Estimate) (\$mill)	Adjustment (\$mill)	Brought Fwd Pmt from 2015-16 (\$mill)	Allocation Actual (\$mill)
New South Wales	32.06	507.58	0.66	253.60	508.24
Victoria	24.81	393.73	(0.44)	197.29	393.29
Queensland	20.13	318.94	0.15	159.34	319.08
Western Australia	10.86	173.43	(1.24)	87.23	172.19
South Australia	7.22	114.04	0.49	56.65	114.53
Tasmania	2.22	34.94	0.26	17.26	35.20
Northern Territory	1.05	16.49	0.08	8.27	16.57
Australian Capital Territory	1.65	26.12	0.02	13.00	26.14
TOTAL	100.00	1,585.27	(0.02)	792.63	1,585.24

State	2015-16					\$ Change 14/15 to 15/16 (\$)	% Change 14/15 to 15/16 (%)
	Proportion (based on estimates) (%)	Allocation (Estimate) (\$mill)	Brought Fwd Pmt Paid in 2014-15 (\$mill)	Allocation Plus Brought Fwd Pmt (\$mill)	Cash Payment (\$mill)		
New South Wales	32.01	253.83	253.60	507.43	254.49	(807,225)	(0.16)
Victoria	24.90	197.49	197.29	394.78	197.05	1,491,701	0.38
Queensland	20.11	159.38	159.34	318.72	159.53	(361,384)	(0.11)
Western Australia	10.97	86.60	87.23	173.83	85.36	1,636,389	0.95
South Australia	7.15	56.75	56.65	113.40	57.24	(1,127,861)	(0.98)
Tasmania	2.18	17.29	17.26	34.54	17.54	(657,511)	(1.87)
Northern Territory	1.04	8.20	8.27	16.46	8.28	(108,971)	(0.66)
Australian Capital Territory	1.64	13.01	13.00	26.01	13.02	(127,923)	(0.49)
TOTAL	100.00	792.55	792.63	1,585.18	792.52	(62,785)	(0.00)

TABLE 2 - Commonwealth Identified Local Road Grants for Local Government, State and Territory Entitlements 2014-15 and 2015-16

State	2014-15				
	Proportion (adjusted for actual) (%)	Allocation (Estimate) (\$mill)	Adjustment (\$mill)	Brought Fwd Pmt from 2015-16 (\$mill)	Allocation Actual (\$mill)
New South Wales	29.01	204.09	(0.00)	102.04	204.08
Victoria	20.62	145.02	(0.00)	72.51	145.02
Queensland	18.74	131.80	(0.00)	65.90	131.80
Western Australia	15.29	107.56	(0.00)	53.78	107.55
South Australia	5.50	38.66	(0.00)	19.33	38.66
Tasmania	5.30	37.28	(0.00)	18.64	37.28
Northern Territory	2.34	16.48	(0.00)	8.24	16.48
Australian Capital Territory	3.21	22.56	(0.00)	11.28	22.56
TOTAL	100.00	703.43	(0.01)	351.72	703.42

State	2015-16					\$ Change 14/15 to 15/16 (\$)	% Change 14/15 to 15/16 (%)
	Proportion (based on estimates) (%)	Allocation (Estimate) (\$mill)	Brought Fwd Pmt Paid in 2014-15 (\$mill)	Allocation Plus Brought Fwd Pmt (\$mill)	Cash Payment (\$mill)		
New South Wales	29.01	102.03	102.04	204.08	102.03	(8,084)	(0.00)
Victoria	20.62	72.50	72.51	145.01	72.50	(5,744)	(0.00)
Queensland	18.74	65.89	65.90	131.79	65.89	(5,220)	(0.00)
Western Australia	15.29	53.77	53.78	107.55	53.77	(4,261)	(0.00)
South Australia	5.50	19.33	19.33	38.66	19.33	(1,529)	(0.00)
Tasmania	5.30	18.64	18.64	37.27	18.64	(1,476)	(0.00)
Northern Territory	2.34	8.24	8.24	16.48	8.24	(652)	(0.00)
Australian Capital Territory	3.21	11.28	11.28	22.55	11.28	(894)	(0.00)
TOTAL	100.00	351.68	351.72	703.39	351.67	(27,860)	(0.00)

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 2015-16 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, (\$20.18 for 2015-16), 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 2015-16 grants, the Commission constrained changes to grants between minus 4% and positive 0.5%. An iterative process is then undertaken until the full allocation is determined.

Component Revenue Grants

Component revenue grants assess whether councils **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 assess 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.

Expenditure Function	Standard Cost	Units of Measure
Waste Management	Reported expenditures ¹	Number of Residential, Rural and Commercial (Shop) Properties
Aged Care Services	Reported expenditures ¹	Population aged 65+ from the ABS Census and estimated resident population
Services to Families and Children	Reported expenditures ¹	Population aged 0-14 yrs from the ABS Census and estimated resident population
Health Inspection	Reported expenditures ¹	Establishments to inspect
Libraries	Reported expenditures ¹	Estimated Resident Population
Sport and Recreation	Reported expenditures ¹	Population aged 5-64 years from the ABS Census and Estimated Resident Population
Sealed Roads – Built-Up ⁵	Reported expenditures ¹	Kilometres of built-up sealed road as reported in GIR
Sealed Roads - Non-built-up ⁵	Reported expenditures ¹	Kilometres of non-built-up sealed road as reported in GIR
Sealed Roads - Footpaths etc	Reported expenditures ¹	Kilometres of built-up sealed road as reported in GIR
Unsealed Roads – Built-up ⁵	Reported expenditures ¹	Kilometres of built-up unsealed road as reported in GIR
Unsealed Roads - Non-built-up ⁵	Reported expenditures ¹	Kilometres of non-built-up unsealed road as reported in GIR
Unformed Roads ⁵	Reported expenditures ¹	Kilometres of unformed road as reported in GIR Roads
Stormwater Drainage Maintenance 2,3	Reported expenditures ¹	Number of urban properties ⁴
Community Support	Reported expenditures ¹	3yr average population * SEIFA Advantage Disadvantage CRI
Jetties and Wharves	Reported expenditures ¹	Number of jetties and wharves
Public Order and Safety	Reported expenditures ¹	Total number of properties
Planning and Building Control	Reported expenditures ¹	Number of new developments and additions
Bridges	Reported expenditures ¹	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 ⁶

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 = 1685714

Function	Standard in Dollars	Unit of Measure per Capita	Total Units of Measure	Unit of Measure
Expenditure Functions				
Waste Management	186.92	0.43600	725,105	No of residential, rural and commercial (shop) properties
Aged Care Services	178.12	0.16774	278,971	Population aged more than 65
Services To Families And Children	70.69	0.17673	293,915	Population aged 0 to 14
Health Inspection	357.57	0.01192	19,822	Establishments to inspect
Libraries	59.02	1.00924	1,678,458	Estimated Resident Population
Sport and Recreation	181.64	0.77233	1,284,449	Population aged 5 to 49
Sealed Roads - Built Up	11,879.32	0.00640	10,650	Kilometres of sealed builtup
Sealed Roads - Non Built Up	11,879.32	0.00456	7,581	Kilometres of sealed non-builtup
Sealed Roads - Footpaths etc	16,505.92	0.00640	10,650	Kilometres of sealed builtup
Unsealed Roads - Built Up	1,742.06	0.00043	720	Kilometres of formed and surfaced, and natural surface formed builtup road
Unsealed Roads - Non Built Up	1,742.06	0.02849	47,389	Kilometres of formed and surfaced, and natural surface formed non-builtup road
Roads - Unformed	104.32	0.00519	8,624	Kilometres of natural surfaced unformed road
Stormwater Drainage - Maintenance	82.28	0.45212	751,912	No of urban, industrial and commercial properties including exempt
Community Support	49.04	0.99989	1,662,906	3yr average population * SEIFA Advantage Disadvantage CRI
Jetties and Wharves	16,314.54	0.00005	78	Number of jetties and wharves
Public Order and Safety	25.76	0.56151	933,848	Total no of properties
Planning And Building Control	1,758.35	0.02605	43,324	No of new developments and additions
Bridges	8,343.83	0.00052	863	Number of bridges
Other Special Needs	1.00	29.57290	49,182,500	Total of dollars attributed
Revenue Functions				
Rates - residential	0.0035	147,270	244,660,796,466	Valuation of residential
- commercial	0.0063	19,649	32,678,835,593	Valuation of commercial
- industrial	0.0085	2,952	4,908,941,496	Valuation of industrial
- rural	0.0031	20,469	33,545,071,066	Valuation of rural
- other	0.0033	8,883	14,773,159,181	Valuation of other
Subsidies	1.00	26.48519	44,047,349	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, (\$20.18 for 2015-16), 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 2015-16 grants, the Commission constrained changes between minus 4% 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 2015-16 per capita general purpose grant is \$377.89.

General purpose grants for the Authority reduced by 0.4%, 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 2015-16 the per capita grant varied from \$192.90 for Gerard Community to \$1,236.01 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 2015-16

Local Government Authority	Population as at 30-Jun-14	General Purpose Grant (\$)	Identified Road Grant (\$)	Special Local Road Grant (\$)	Total Estimated Grant (\$)
Adelaide	22,690	457,884	239,417	298,000	995,301
Adelaide Hills	39,873	819,254	693,117		1,512,371
Alexandrina	25,136	654,959	562,352		1,217,311
Barossa	22,964	543,869	446,849		990,718
Barunga West	2,453	350,780	186,857		537,637
Berri Barmera	10,530	2,422,280	206,875		2,629,155
Burnside	44,734	902,732	464,615		1,367,347
Campbelltown	51,344	1,036,122	520,478		1,556,600
Ceduna	3,696	2,063,519	429,933		2,493,452
Charles Sturt	112,714	2,274,569	1,157,022		3,431,591
Clare & Gilbert Valleys	9,029	556,728	376,292		933,020
Cleve	1,808	956,534	367,233		1,323,767
Cooper Pedy	1,810	812,856	44,766		857,622
Coorong	5,585	2,428,304	643,454		3,071,758
Copper Coast	13,924	1,459,607	309,597		1,769,204
Elliston	1,068	736,380	397,790		1,134,170
Flinders Ranges	1,637	1,212,982	290,352	565,000	2,068,334
Franklin Harbour	1,227	1,042,851	226,510		1,269,361
Gawler	22,219	1,165,138	299,046		1,464,184
Goyder	4,242	2,679,793	655,514		3,335,307
Grant	8,174	978,913	325,226	205,000	1,509,139
Holdfast Bay	37,006	746,781	364,049		1,110,830
Kangaroo Island	4,583	1,440,839	385,219		1,826,058
Karoonda East Murray	1,027	1,215,066	329,011		1,544,077
Kimba	1,101	1,011,336	293,605		1,304,941
Kingston	2,368	544,036	243,445	60,000	847,481
Light	14,648	295,597	402,101		697,698
Lower Eyre Peninsula	5,079	470,132	399,886		870,018
Loxton Waikerie	11,477	3,616,588	709,603		4,326,191
Mallala	8,692	1,045,722	245,404		1,291,126
Marion	88,292	1,781,733	926,177		2,707,910
Mid Murray	8,262	3,116,527	627,973		3,744,500
Mitcham	66,182	1,335,553	737,444	400,000	2,472,997
Mount Barker	31,950	666,713	540,781		1,207,494
Mount Gambier	26,246	2,184,025	384,182	175,000	2,743,207
Mount Remarkable	2,827	1,667,467	354,601		2,022,068

Local Government Authority	Population as at 30-Jun-14	General Purpose Grant (\$)	Identified Road Grant (\$)	Special Local Road Grant (\$)	Total Estimated Grant (\$)
Murray Bridge	20,740	3,137,772	460,700	400,000	3,998,472
Naracoorte Lucindale	8,449	2,253,946	470,012	180,000	2,903,958
Northern Areas	4,512	1,408,625	389,624		1,798,249
Norwood, Payneham & St Peters	37,074	748,153	353,749		1,101,902
Onkaparinga	167,659	5,334,391	2,268,570	600,000	8,202,961
Orroroo Carrieton	861	975,797	247,259		1,223,056
Peterborough	1,701	1,337,007	237,229		1,574,236
Playford	86,869	8,608,723	1,230,251		9,838,974
Port Adelaide Enfield	122,205	2,466,097	1,307,623	625,000	4,398,720
Port Augusta	14,557	2,679,695	282,097		2,961,792
Port Lincoln	14,888	1,090,469	221,678		1,312,147
Port Pirie	17,646	3,959,218	454,384		4,413,602
Prospect	21,247	428,764	198,628		627,392
Renmark Paringa	9,292	2,552,405	211,024		2,763,429
Robe	1,431	29,472	105,216		134,688
Roxby Downs	5,032	101,546	77,489		179,035
Salisbury	137,310	6,301,386	1,515,792		7,817,178
Southern Mallee	2,076	1,131,700	390,026	422,000	1,943,726
Streaky Bay	2,251	1,476,534	449,359		1,925,893
Tatiara	6,667	2,405,376	542,123	362,000	3,309,499
Tea Tree Gully	98,575	1,989,244	1,089,669	97,000	3,175,913
Tumby Bay	2,642	537,423	254,765		792,188
Unley	39,014	787,303	368,870		1,156,173
Victor Harbor	14,938	301,449	262,583	979,000	1,543,032
Wakefield	6,885	1,810,922	514,296		2,325,218
Walkerville	7,401	149,352	73,575		222,927
Wattle Range	11,578	1,924,401	521,924		2,446,325
West Torrens	58,625	1,183,053	592,960	175,000	1,951,013
Whyalla	22,754	3,884,721	385,281		4,270,002
Wudinna	1,284	1,235,754	383,819	255,000	1,874,573
Yankalilla	4,630	126,657	147,374		274,031
Yorke Peninsula	11,068	1,449,703	785,662		2,235,365
Outback Communities Authority	3,803	1,437,109			1,437,109
Anangu Pitjantjatjara	2,772	1,136,826	145,293		1,282,119
Gerard Cty Council	230	44,367	19,358		63,725
Maralinga Tjarutja	75	92,701	51,982		144,683
Nipapanha Comm Inc	78	28,460	19,274		47,734
Yalata Cty Council	298	159,694	41,852		201,546
STATE TOTAL	1,685,714	113,400,384	32,858,146	5,798,000	152,056,530

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 the 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 Chairperson Power Community Limited, Port Adelaide Football Club.

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

Commissioner of the Local Government Grants Commission from February 2014 to January 2015. Elected Member of Tatiara District Council from 2003 to 2014 and Mayor from 2006 to 2014; President of South East Local Government Association from 2009 to 2014 and previously Deputy President from 2006-2009; Vice-President of the LGA from 2013 to 2014; Delegate – SA Region of Councils (SAROC) from 2009 to 2014; Member of the Local Government State Executive Committee (South East Zone) from 2009 to 2014; Chair of the Regional Development Australia Limestone Coast since 2014; 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.

Luke Hutchinson MBA BBus GAICD

Commissioner of the Local Government Grants Commission since April 2015; Elected Council Member, City of Marion since 2010; Deputy Mayor City of Marion 2014 to 2015; City of Marion Development Assessment Panel Member 2013-14 and 2015-16; City of Marion People & Culture Committee; and Manager, Stakeholder Engagement, Attorney-General's Department, Government of South Australia. Previous positions include various roles within the Higher Education Sector between 2000-2015 at UniSA, University of Adelaide and Flinders University.

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 on the Commission's web page and 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 2014-15

Local Government Authority	2014-15 Actual General Purpose Grant \$	2014-15 Actual Road Grant \$	2014-15 Special Road Grant \$	2014-15 Total Actual Grant \$
Adelaide	456,617	238,227		694,844
Adelaide Hills	827,529	696,892		1,524,422
Alexandrina	651,700	558,518		1,210,218
Barossa	541,163	447,327		988,490
Barunga West	354,323	187,787		542,109
Berri Barmera	2,446,747	209,237		2,655,985
Burnside	915,291	466,386		1,381,678
Campbelltown	1,046,785	521,446		1,568,232
Ceduna	2,084,363	431,270		2,515,633
Charles Sturt	2,287,940	1,154,223		3,442,163
Clare & Gilbert Valleys	553,958	377,504		931,462
Cleve	966,196	363,556	540,000	1,869,752
Cooper Pedy	821,067	44,737		865,804
Coorong	2,452,833	645,776	420,000	3,518,609
Copper Coast	1,489,395	308,177		1,797,573
Elliston	743,818	398,932		1,142,750
Flinders Ranges	1,225,235	291,554	1,060,000	2,576,788
Franklin Harbour	1,053,385	232,559		1,285,943
Gawler	1,176,907	294,629	600,000	2,071,536
Goyder	2,706,862	658,546		3,365,408
Grant	974,043	324,661	200,000	1,498,704
Holdfast Bay	756,154	365,173		1,121,327
Kangaroo Island	1,433,671	386,423		1,820,094
Karoonda East Murray	1,227,340	330,122	800,000	2,357,462
Kimba	1,021,552	294,747		1,316,298
Kingston	549,531	244,857		794,389
Light	297,397	401,940		699,337
Lower Eyre Peninsula	474,881	400,346		875,226
Loxton Waikerie	3,653,119	712,195		4,365,314
Mallala	1,040,519	245,131		1,285,651
Marion	1,801,253	927,945		2,729,198
Mid Murray	3,148,008	629,630		3,777,638
Mitcham	1,351,752	737,114		2,088,867
Mount Barker	673,448	535,527	1,000,000	2,208,975
Mount Gambier	2,206,086	384,060		2,590,146
Mount Remarkable	1,684,311	354,486		2,038,797

Local Government Authority	2014-15 Actual General Purpose Grant \$	2014-15 Actual Road Grant \$	2014-15 Special Road Grant \$	2014-15 Total Actual Grant \$
Murray Bridge	3,158,146	461,017		3,619,163
Naracoorte Lucindale	2,242,732	472,070		2,714,802
Northern Areas	1,422,854	391,165		1,814,018
Norwood, Payneham & St Peters	758,314	355,044		1,113,359
Onkaparinga	5,556,657	2,277,853		7,834,510
Orroroo Carrieton	985,654	248,194		1,233,848
Peterborough	1,350,512	239,327		1,589,838
Playford	8,695,679	1,223,312		9,918,991
Port Adelaide Enfield	2,476,984	1,303,035		3,780,019
Port Augusta	2,706,762	284,103		2,990,865
Port Lincoln	1,101,484	220,929		1,322,413
Port Pirie	3,999,210	419,581		4,418,791
Prospect	434,691	199,287		633,978
Renmark Paringa	2,578,187	212,955		2,791,142
Robe	29,770	105,080		134,850
Roxby Downs	103,479	77,943		181,422
Salisbury	6,429,986	1,503,936		7,933,922
Southern Mallee	1,143,131	391,367		1,534,498
Streaky Bay	1,491,448	450,919	577,000	2,519,367
Tatiara	2,393,409	544,699	602,000	3,540,108
Tea Tree Gully	2,023,542	1,094,511		3,118,053
Tumby Bay	542,852	256,798		799,650
Unley	795,910	369,644		1,165,554
Victor Harbor	301,100	258,512		559,613
Wakefield	1,801,913	516,332		2,318,244
Walkerville	151,548	73,893		225,441
Wattle Range	1,914,827	525,854		2,440,681
West Torrens	1,196,214	594,407		1,790,621
Whyalla	3,923,960	384,640		4,308,600
Wudinna	1,248,237	385,209		1,633,445
Yankalilla	126,027	147,133		273,161
Yorke Peninsula	1,442,490	790,521		2,233,011
Outback Communities Authority	1,443,308			1,443,308
Anangu Pitjantjatjara Yankunytjatjara	1,136,826	145,295		1,282,121
Gerard Cty Council	44,367	19,359		63,725
Maralinga Tjarutja	92,701	51,983		144,684
Nipapanha Community Inc.	28,460	19,275		47,735
Yalata Community Inc.	159,694	41,852		201,546
STATE TOTAL	114,528,245	32,858,675	5,799,000	153,185,920

APPENDIX IV - Road Lengths by Council by Surface Type as at 30 June 2014

(Road length data includes laneways)

Council name	Sealed	Formed	Unformed	TOTAL
Adelaide	127	0	0	127
Adelaide Hills	610	471	10	1,091
Alexandrina	556	790	26	1,372
Barossa	343	558	71	971
Barunga West	72	755	99	926
Berri Barmera	272	135	77	484
Burnside	235	5	0	240
Campbelltown	255	0	0	255
Ceduna	77	1381	257	1,715
Charles Sturt	578	1	0	579
Clare & Gilbert Valleys	232	1412	187	1,832
Cleve	85	1195	115	1,396
Cooper Pedy	30	128	263	421
Coorong	357	1535	1	1,894
Copper Coast	277	548	131	956
Elliston	44	967	136	1,148
Flinders Ranges	37	889	336	1,262
Franklin Harbour	87	811	37	935
Gawler	174	21	2	197
Goyder	157	2865	226	3,248
Grant	485	777	307	1,569
Holdfast Bay	179	1	0	179
Kangaroo Island	256	1056	51	1,362
Karoonda East Murray	124	1127	48	1,299
Kimba	100	979	636	1,716
Kingston	126	559	60	744
Light	174	1229	56	1,459
Lower Eyre Peninsula	142	1119	83	1,345
Loxton Waikerie	415	1690	199	2,304
Mallala	154	673	135	962
Marion	473	0	0	474
Mid Murray	330	2087	976	3,393
Mitcham	404	5	1	410
Mount Barker	349	396	30	774
Mount Gambier	221	1	1	223
Mount Remarkable	102	1533	433	2,067

Council name	Sealed	Formed	Unformed	TOTAL
Murray Bridge	432	523	21	976
Naracoorte Lucindale	485	1089	41	1,615
Northern Areas	137	1791	274	2,202
Norwood, Payneham & St. Pet	172	0	0	172
Onkaparinga	1273	192	2	1,467
Orroroo Carrieton	59	872	697	1,628
Peterborough	40	805	386	1,231
Playford	728	91	6	825
Port Adelaide Enfield	680	4	0	685
Port Augusta	194	124	92	411
Port Lincoln	151	6	2	159
Port Pirie	309	997	49	1,354
Prospect	91	0	0	91
Renmark Paringa	307	132	40	480
Robe	42	337	56	435
Roxby Downs	34	4	0	39
Salisbury	815	6	0	820
Southern Mallee	115	1073	144	1,332
Streaky Bay	90	1423	219	1,733
Tatiara	518	1189	225	1,932
Tea Tree Gully	581	10	6	597
Tumby Bay	52	967	90	1,110
Unley	170	0	0	170
Victor Harbor	254	143	2	400
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	222	127	3	352
Wudinna	82	1278	352	1,712
Yankalilla	129	367	48	544
Yorke Peninsula	472	3182	236	3,891
TOTAL	18,319	48,207.36	8,624	75,151

APPENDIX V – Cost Relativity Indices - 2015-16 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	1.10	0.92
Alexandrina	0.91	0.98	1.01	1.03	1.04	1.00	0.91
Barossa	1.00	1.03	1.03	1.03	1.05	1.11	0.92
Barunga West	0.87	0.92	0.98	0.98	1.00	1.03	0.90
Berri Barmera	1.05	0.99	1.00	1.05	1.05	1.04	0.92
Burnside	1.14	0.96	0.98	0.93	0.90	0.97	0.96
Campbelltown	1.24	0.96	1.00	1.00	1.00	1.00	0.95
Ceduna	0.89	0.95	1.01	1.01	1.00	1.07	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	1.07	0.92
Cleve	0.87	0.93	0.98	0.98	1.00	1.04	0.94
Cooper 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	1.04	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	1.24	0.94
Flinders Ranges	0.87	1.04	0.97	0.94	0.92	1.07	0.87
Franklin Harbour	0.87	0.92	0.98	0.98	1.00	1.04	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	1.12	0.89
Grant	0.88	0.87	0.98	0.94	0.93	1.06	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	1.14	0.91
Karoonda East Murray	0.87	0.91	0.98	0.98	0.99	1.18	0.87
Kimba	0.87	0.93	0.98	0.99	1.00	1.03	0.92
Kingston	1.03	1.03	1.00	0.96	1.06	1.03	0.95
Light	0.85	0.94	0.98	0.99	1.02	1.07	0.98
Lower Eyre Peninsula	0.91	0.95	0.98	0.99	1.00	1.10	0.95
Loxton Waikerie	0.88	0.98	0.98	0.98	0.98	1.00	0.90
Mallala	0.84	0.90	0.98	0.98	1.00	1.10	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	1.03	0.88
Mitcham	1.12	0.99	0.94	0.98	1.01	0.98	0.96
Mount Barker	0.96	0.99	0.98	1.00	1.03	1.08	0.99
Mount Gambier	0.81	0.79	0.98	0.89	0.90	0.98	1.00
Mount Remarkable	0.88	0.93	0.99	0.99	0.99	1.13	0.87
Murray Bridge	0.86	1.01	1.00	1.01	1.03	1.03	0.98
Naracoorte Lucindale	0.96	1.12	1.03	1.07	1.18	1.04	0.95
Northern Areas	0.88	0.92	1.01	1.01	1.01	1.06	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	0.98
Orroroo Carrieton	0.87	0.90	0.98	0.97	0.96	1.12	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	0.99	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	0.98
Renmark Paringa	1.22	1.21	1.20	1.08	1.09	1.07	0.98
Robe	0.98	0.94	0.98	1.04	1.07	1.02	0.94
Roxby Downs	0.89	0.90	0.98	0.98	1.00	1.02	0.91
Salisbury	1.05	0.96	1.11	1.05	1.00	0.98	1.01
Southern Mallee	0.88	0.95	1.01	1.00	0.97	1.03	0.90
Streaky Bay	0.76	0.82	0.94	0.95	0.96	1.01	0.90
Tatiara	1.06	1.07	1.15	1.04	1.05	0.98	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	1.05	0.94
Unley	1.26	0.97	1.00	1.00	1.00	0.98	0.98
Victor Harbor	0.88	0.95	0.93	0.98	0.92	1.00	0.99
Wakefield	0.88	0.91	1.00	1.01	1.00	1.05	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	1.07	0.98
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	0.98
Wudinna	0.88	0.92	1.00	0.98	0.99	1.01	0.88
Yankalilla	0.99	1.09	0.99	1.02	1.05	1.10	0.98
Yorke Peninsula	0.87	0.89	0.99	0.99	0.97	1.08	0.95

APPENDIX VI – Revenue relativity index – 2015-16 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
Cooper 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 2013, 2014 and 2015 averaged)

Unit of Measure:	Residential	Commercial	Industrial	Rural	Other
Adelaide	201,801	336,701	1,678	1	70,621
Adelaide Hills	173,310	5,880	733	47,298	6,779
Alexandrina	173,902	7,170	1,521	65,067	17,562
Barossa	121,104	11,274	9,968	49,984	8,557
Barunga West	135,889	6,511	2,034	264,645	7,890
Berri Barmera	67,544	10,457	2,494	19,693	6,208
Burnside	305,564	20,425	192	135	9,314
Campbelltown	173,075	6,822	754	86	8,060
Ceduna	83,956	15,707	761	24,781	11,127
Charles Sturt	179,850	20,317	3,157	20	6,842
Clare & Gilbert Valleys	89,607	13,172	2,223	151,375	7,712
Cleve	73,997	15,087	351	207,242	6,276
Coober Pedy	61,021	19,110	426	-	5,836
Coorong	57,079	5,749	534	155,263	8,088
Copper Coast	163,388	14,054	1,072	29,983	23,417
Elliston	108,683	11,867	496	203,775	15,303
Flinders Ranges	73,263	7,240	422	49,863	8,665
Franklin Harbour	112,677	10,530	809	69,959	17,883
Gawler	115,191	12,437	539	5,675	10,155
Goyder	52,795	4,789	697	187,482	4,776
Grant	74,098	2,481	2,918	182,926	5,352
Holdfast Bay	251,393	23,036	917	-	10,156
Kangaroo Island	136,414	16,381	1,279	127,733	34,463
Karoonda East Murray	31,641	6,547	2,739	203,997	5,501
Kimba	49,616	14,854	335	191,502	5,548
Kingston	138,791	10,316	850	245,057	28,280
Light	104,501	7,752	6,890	96,467	5,958
Lower Eyre Peninsula	133,465	6,846	678	188,095	23,141
Loxton Waikerie	70,218	6,627	1,989	60,052	5,802
Mallala	97,046	2,715	1,039	79,982	9,105
Marion	157,468	17,727	1,500	68	5,350
Mid Murray	147,865	5,937	866	68,151	21,688
Mitcham	207,077	10,848	1,359	663	7,831
Mount Barker	128,503	14,747	1,530	36,122	9,810
Mount Gambier	88,015	18,496	3,349	850	6,555
Mount Remarkable	77,336	6,029	291	121,085	10,147
Murray Bridge	78,384	13,675	4,308	23,018	8,428
Naracoorte Lucindale	66,696	11,403	1,927	169,919	4,918
Northern Areas	61,317	8,500	912	220,169	6,711
Norwood, Payneham & St Peters	226,602	45,307	2,319	15	11,113
Onkaparinga	128,769	8,633	1,796	7,161	6,251
Orroroo Carrieton	51,042	4,983	408	148,597	3,579
Peterborough	43,415	6,046	694	38,075	3,362
Playford	78,841	9,789	2,037	11,435	5,064
Port Adelaide Enfield	132,580	24,132	12,607	21	9,747
Port Augusta	81,168	15,339	1,208	1,445	7,245
Port Lincoln	116,644	23,509	3,938	1,053	10,172
Port Pirie	71,979	10,409	1,875	22,768	5,311
Prospect	204,446	16,406	358	-	4,718
Renmark Paringa	71,907	10,124	2,236	36,263	5,125
Robe	365,108	34,004	2,855	219,582	47,484
Roxby Downs	130,579	17,314	948	-	6,123
Salisbury	105,022	14,431	3,808	666	5,422
Southern Mallee	33,275	8,295	641	164,502	3,256
Streaky Bay	97,915	11,927	775	84,416	24,006
Tatiara	49,689	8,591	3,416	172,156	4,868
Tea Tree Gully	142,232	11,517	1,021	877	4,698
Tumby Bay	119,255	11,856	520	208,893	16,145
Unley	263,711	29,409	446	2	10,395
Victor Harbor	193,350	16,150	784	22,861	20,083
Wakefield	58,610	8,539	1,205	177,465	6,810
Walkerville	323,857	18,013	70	-	14,540
Wattle Range	71,149	7,319	7,003	148,911	7,430
West Torrens	165,964	28,937	6,562	44	8,536
Whyalla	82,088	11,603	1,396	514	4,425
Wudinna	42,570	15,004	260	144,919	4,176
Yankalilla	245,352	11,135	719	104,603	33,978
Yorke Peninsula	207,130	9,996	1,077	226,671	22,245
State	147,270	19,649	2,952	20,469	8,883

APPENDIX VIII – Units of Measure by function - Expenditure

Data sourced from Councils and the Australian Bureau of Statistics as at 30 June 2014.

Function:	Waste Management	Aged Care Services	Services to Families & Children	Health Inspection	Libraries	Sport and Recreation
Unit of Measure:	Number of Residential, Rural and Commercial (shop) Properties	Population Aged > 65 years	Population Aged 0-14 years	Establishments to Inspect	Estimated Resident Population	Population Aged 5-64 years
Adelaide	11,076	2,705	1,276	1,276	22,690	18,856
Adelaide Hills	13,806	6,029	7,740	808	39,873	31,635
Alexandrina	13,282	6,274	3,998	359	25,136	17,315
Barossa	9,219	4,110	4,469	331	22,964	17,290
Barunga West	1,889	684	377	99	2,453	1,658
Berri Barmera	4,649	2,002	2,080	246	10,530	8,026
Burnside	18,930	9,455	6,903	425	44,734	33,269
Campbelltown	20,938	10,094	8,356	280	51,344	38,058
Ceduna	1,505	471	770	380	3,696	2,985
Charles Sturt	49,731	20,461	17,562	801	112,714	84,634
Clare & Gilbert Valleys	4,154	1,724	1,826	145	9,029	6,668
Cleve	878	351	370	28	1,808	1,305
Cooper Pedy	1,246	374	275	68	1,810	1,328
Coorong	2,496	1,179	1,057	151	5,585	4,108
Copper Coast	8,632	3,421	2,303	112	13,924	9,439
Elliston	694	131	199	30	1,068	871
Flinders Ranges	979	336	287	40	1,637	1,249
Franklin Harbour	735	236	241	143	1,227	936
Gawler	9,037	4,020	3,827	331	22,219	16,392
Goyder	2,423	940	772	84	4,242	3,048
Grant	3,191	1,173	1,592	248	8,174	6,419
Holdfast Bay	17,894	8,106	4,565	395	37,006	27,149
Kangaroo Island	2,901	899	814	116	4,583	3,388
Karoonda East Murray	585	213	184	23	1,027	751
Kimba	488	212	198	33	1,101	809
Kingston	1,473	551	351	101	2,368	1,711
Light	5,222	1,690	3,192	165	14,648	11,803
Lower Eyre Peninsula	2,264	728	1,076	87	5,079	4,030
Loxton Waikerie	5,210	2,301	2,082	187	11,477	8,534
Mallala	3,178	1,038	1,770	265	8,692	7,028
Marion	38,374	14,583	14,158	529	88,292	67,696
Mid Murray	6,221	1,888	1,200	328	8,262	6,031
Mitcham	25,985	12,058	11,377	667	66,182	50,033
Mount Barker	11,675	4,098	6,688	500	31,950	25,130
Mount Gambier	11,949	4,223	5,286	249	26,246	20,114
Mount Remarkable	1,770	676	459	141	2,827	2,035
Murray Bridge	8,543	3,664	3,887	180	20,740	15,627
Naracoorte Lucindale	3,684	1,402	1,582	142	8,449	6,486
Northern Areas	2,384	1,000	811	224	4,512	3,257
Norwood, Payneham & St Peters	16,925	6,603	5,197	852	37,074	28,424
Onkaparinga	67,594	24,830	31,793	1,035	167,659	130,790
Orroroo Carrieton	650	215	145	39	861	605
Peterborough	1,152	445	288	258	1,701	1,210
Playford	33,379	9,846	19,408	755	86,869	67,856
Port Adelaide Enfield	52,154	17,920	20,748	771	122,205	94,707
Port Augusta	6,448	2,171	2,852	222	14,557	11,385
Port Lincoln	6,548	2,446	2,918	226	14,888	11,289
Port Pirie	8,239	3,430	3,404	205	17,646	13,197
Prospect	8,881	2,680	3,473	183	21,247	17,186
Renmark Paringa	3,863	1,681	1,697	108	9,292	7,148
Robe	1,500	301	208	26	1,431	1,051
Roxby Downs	1,847	46	994	407	5,032	4,523
Salisbury	53,333	17,712	26,269	861	137,310	108,455
Southern Mallee	942	413	404	27	2,076	1,540
Streaky Bay	1,202	390	452	86	2,251	1,715
Tatiara	2,694	1,088	1,387	345	6,667	5,104
Tea Tree Gully	38,756	15,722	17,323	550	98,575	77,063
Tumby Bay	1,381	670	480	203	2,642	1,827
Unley	16,744	6,191	6,203	407	39,014	30,469
Victor Harbor	8,239	5,323	1,847	195	14,938	8,748
Wakefield	3,177	1,297	1,403	101	6,885	5,066
Walkerville	3,297	1,607	1,175	72	7,401	5,457
Wattle Range	5,640	2,090	2,205	267	11,578	8,907
West Torrens	26,378	10,164	8,629	545	58,625	44,572
Whyalla	10,842	3,530	4,379	133	22,754	17,684
Wudinna	552	174	332	40	1,284	942
Yankalilla	3,627	1,217	650	91	4,630	3,105
Yorke Peninsula	9,830	3,270	1,690	98	11,068	7,325
Total	725,105	278,971	293,915	19,822	1,678,458	1,284,449

Function:	Sealed Built Up Roads	Sealed Non Built Up Roads	Sealed Built-Up Roads (Footpaths, kerbing, street lighting etc)	Unsealed Built Up Roads	Unsealed Non Built Up Roads	Unformed Roads
Unit of Measure:	Sealed Built Up Kms	Sealed Non Built Up Kms	Sealed Built Up Kms	Unsealed Built Up Kms	Unsealed Non Built Up Kms	Unformed Kms
Adelaide	123	-	123	-	-	-
Adelaide Hills	206	402	206	6	464	10
Alexandrina	252	302	252	19	771	26
Barossa	145	197	145	10	547	71
Barunga West	34	38	34	7	749	99
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	575	-	575	1	-	0
Clare & Gilbert Valleys	76	156	76	13	1,399	187
Cleve	21	64	21	8	1,187	115
Cooper Pedy	27	3	27	27	101	263
Coorong	55	302	55	14	1,521	1
Copper Coast	174	100	174	42	502	131
Elliston	22	22	22	8	960	136
Flinders Ranges	22	15	22	10	879	336
Franklin Harbour	18	69	18	-	811	37
Gawler	143	30	143	2	17	2
Goyder	67	90	67	33	2,831	226
Grant	28	457	28	2	775	307
Holdfast Bay	172	-	172	-	-	-
Kangaroo Island	53	203	53	55	1,000	51
Karoonda East Murray	10	114	10	5	1,122	48
Kimba	12	88	12	10	970	636
Kingston	43	83	43	5	554	60
Light	79	95	79	20	1,208	56
Lower Eyre Peninsula	45	98	45	17	1,102	83
Loxton Waikerie	68	347	68	16	1,674	199
Mallala	87	67	87	34	639	135
Marion	473	-	473	0	-	-
Mid Murray	73	255	73	28	2,059	976
Mitcham	384	17	384	0	0	1
Mount Barker	180	167	180	16	380	30
Mount Gambier	203	17	203	0	1	1
Mount Remarkable	27	75	27	15	1,518	433
Murray Bridge	147	285	147	7	516	21
Naracoorte Lucindale	81	404	81	3	1,086	41
Northern Areas	64	73	64	31	1,760	274
Norwood, Payneham & St Peters	160	-	160	-	-	-
Onkaparinga	1,019	247	1,019	6	185	2
Orroroo Carrieton	18	41	18	7	865	697
Peterborough	31	8	31	7	799	386
Playford	476	249	476	1	90	6
Port Adelaide Enfield	678	-	678	4	-	-
Port Augusta	141	53	141	27	98	92
Port Lincoln	143	7	143	3	3	2
Port Pirie	178	131	178	20	977	49
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	790	23	790	3	3	-
Southern Mallee	25	90	25	7	1,066	144
Streaky Bay	44	46	44	10	1,413	219
Tatiara	82	436	82	11	1,178	225
Tea Tree Gully	562	17	562	2	8	6
Tumby Bay	31	21	31	4	963	90
Unley	165	-	165	-	-	-
Victor Harbor	138	115	138	10	133	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	202	17	202	5	54	3
Wudinna	18	64	18	15	1,263	352
Yankalilla	53	76	53	3	364	48
Yorke Peninsula	176	296	176	52	3,131	236
Total	10,650	7,581	10,650	720	47,389	8,624

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	20,131	20,786	-	23,583	1,136	10
Adelaide Hills	13,337	35,678	-	18,439	1,008	72
Alexandrina	12,773	24,973	4	19,065	1,163	36
Barossa	9,130	22,279	-	13,064	778	62
Barunga West	1,655	2,549	-	2,959	100	-
Berri Barmera	4,724	11,474	4	6,719	188	-
Burnside	19,837	39,216	-	21,669	1,244	1
Campbelltown	21,496	49,384	-	23,589	1,187	59
Ceduna	1,516	3,886	3	2,655	111	-
Charles Sturt	52,825	111,692	-	57,450	2,939	3
Clare & Gilbert Valleys	3,689	8,901	-	7,403	284	29
Cleve	762	1,747	1	1,727	62	-
Coober Pedy	1,357	1,988	-	1,980	74	-
Coorong	2,170	5,837	3	4,927	142	-
Copper Coast	8,807	14,555	1	12,468	544	-
Elliston	611	1,059	1	1,577	32	-
Flinders Ranges	816	1,717	-	2,202	62	-
Franklin Harbour	689	1,281	-	1,336	90	2
Gawler	9,368	22,192	-	11,044	727	10
Goyder	1,783	4,414	-	5,022	143	10
Grant	2,423	7,896	-	5,782	251	1
Holdfast Bay	19,119	34,506	2	21,502	1,003	4
Kangaroo Island	2,666	4,608	1	5,961	167	25
Karoonda East Murray	414	1,031	-	1,490	24	-
Kimba	403	1,050	-	1,074	29	-
Kingston	1,330	2,423	1	2,861	87	-
Light	4,857	13,910	-	8,020	523	21
Lower Eyre Peninsula	2,057	4,952	3	4,321	289	2
Loxton Waikerie	4,883	11,962	1	8,846	292	-
Mallala	2,796	8,725	-	4,986	321	3
Marion	39,896	86,080	-	43,342	2,084	3
Mid Murray	5,536	8,744	11	11,326	475	12
Mitcham	27,094	59,508	-	29,592	1,648	22
Mount Barker	11,756	29,938	-	15,933	1,275	173
Mount Gambier	12,986	27,788	-	14,594	389	1
Mount Remarkable	1,416	2,855	1	3,627	98	4
Murray Bridge	8,505	22,424	8	12,168	583	6
Naracoorte Lucindale	3,142	8,404	-	6,710	231	24
Northern Areas	1,925	4,570	-	4,676	163	18
Norwood, Payneham & St Peters	19,005	34,795	-	20,576	819	-
Onkaparinga	69,810	166,386	1	79,598	2,975	48
Orroroo Carrieton	425	863	-	1,656	26	-
Peterborough	1,049	2,046	-	1,932	48	9
Playford	33,689	94,351	-	40,028	2,167	18
Port Adelaide Enfield	56,417	125,906	-	63,452	2,295	1
Port Augusta	6,877	15,729	3	8,161	324	7
Port Lincoln	7,323	15,411	2	8,719	315	1
Port Pirie	8,384	19,318	5	11,212	378	6
Prospect	9,391	19,700	-	10,070	282	-
Renmark Paringa	3,802	9,993	1	5,817	216	-
Robe	1,448	1,391	1	2,679	103	1
Roxby Downs	1,969	4,427	-	2,155	123	-
Salisbury	55,786	142,722	-	60,390	3,452	22
Southern Mallee	771	2,091	-	2,011	62	-
Streaky Bay	1,071	2,261	1	2,682	56	-
Tatiara	2,335	6,638	-	5,121	100	16
Tea Tree Gully	39,928	94,025	-	43,129	2,159	6
Tumby Bay	1,210	2,696	2	2,521	80	4
Unley	18,069	34,940	-	19,384	1,038	8
Victor Harbor	8,456	15,026	-	11,023	551	26
Wakefield	2,600	7,167	-	5,936	173	24
Walkerville	3,446	6,605	-	3,779	259	-
Wattle Range	4,902	12,233	-	9,937	365	-
West Torrens	28,513	57,241	-	31,266	1,369	18
Whyalla	11,403	24,486	3	12,566	504	-
Wudinna	458	1,244	-	1,354	34	-
Yankalilla	3,449	4,639	2	5,816	280	35
Yorke Peninsula	9,246	11,594	12	15,190	825	-
Total	751,912	1,662,906	78	933,848	43,324	863

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 1985¹ and the 1991 report of the Commonwealth Grants Commission on the Distribution of General Purpose Grants for Local Government.²
- 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.

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

² 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 2nd 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.
- *May 2015* – The Commission completed its assessment of the Recommendations of the Methodology Review conducted by KPMG
- *June 2015* – The Australian Government announced that in addition to the standard Roads to Recovery funding program running from 2014-15 to 2018-19, an additional \$1.105 billion would be provided to Local Governing Authorities during 2015-16 and 2016-17 as a result of the re-introduction of indexation of the Federal Fuel Excise.
- *June 2015* - approximately two quarters of the 2015-16 Financial Assistance Grants were brought forward by the Commonwealth and paid in 2014-15. Allocation of the early payment of the 2015-16 grants was based on the 2014-15 distribution.

APPENDIX X – 2013-14 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 2013-14 General Information, Supplementary Returns and their Audited Financial Statements by the due date of 28 November 2014 and thereby facilitated the timely determination of grants.

1. Adelaide
2. Alexandrina
3. Barossa
4. Barunga West
5. Berri Barmera
6. Campbelltown
7. Ceduna
8. Charles Sturt
9. Clare and Gilbert Valleys
10. Cleve
11. Coorong
12. Copper Coast
13. Elliston
14. Flinders Ranges
15. Franklin Harbour
16. Gawler
17. Goyder
18. Grant
19. Kangaroo Island
20. Kimba
21. Kingston
22. Light Regional
23. Lower Eyre Peninsula
24. Mallala
25. Marion
26. Mid Murray
27. Mount Remarkable
28. Murray Bridge
29. Naracoorte Lucindale
30. Norwood, Payneham & St Peters
31. Onkaparinga
32. Playford
33. Port Adelaide Enfield
34. Port Augusta
35. Port Pirie
36. Prospect
37. Renmark Paringa
38. Salisbury
39. Streaky Bay
40. Tatiara
41. Tumby Bay
42. Unley
43. Victor Harbor
44. Wakefield Regional
45. Walkerville
46. Wattle Range
47. West Torrens
48. Whyalla
49. Wudinna
50. Yankalilla
51. Yorke Peninsula

APPENDIX XI - Financial Statements

SOUTH AUSTRALIAN LOCAL GOVERNMENT GRANTS COMMISSION

Financial Statements

For the Year Ended 30 June 2015

South Australian Local Government Grants Commission
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2015

	Note No	2015 \$'000	2014 \$'000
EXPENSES			
Employee benefit expenses	4	367	300
Supplies and services	5	46	65
Total Expenses		413	365
INCOME			
Interest Revenue	7	42	134
Other income	8	-	1
Total Income		42	135
NET REVENUE FROM / (COST OF) PROVIDING SERVICES		(371)	(230)
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT:			
Revenues from SA Government	9	419	419
Net result		48	189
TOTAL COMPREHENSIVE RESULT		48	189

South Australian Local Government Grants Commission
STATEMENT OF FINANCIAL POSITION
as at 30 June 2015

	Note No	2015 \$'000	2014 \$'000
ASSETS:			
CURRENT ASSETS:			
Cash	10	1,008	982
Receivables	11	2	2
Total Current Assets		1,010	984
Total Assets		1,010	984
LIABILITIES:			
CURRENT LIABILITIES:			
Payables	12	13	17
Employee benefits	13	24	31
Total Current Liabilities		37	48
NON-CURRENT LIABILITIES:			
Payables	12	10	11
Employee benefits	13	102	112
Total Non-Current Liabilities		112	123
Total Liabilities		149	171
NET ASSETS		861	813
EQUITY:			
Retained earnings		861	813
Total Equity		861	813

Total equity is attributable to the SA Government as owner.

Unrecognised contractual commitments	14
Contingent assets and liabilities	15

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

South Australian Local Government Grants Commission
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2015

	Note No	Retained Earnings \$'000	Total Equity \$'000
Balance at 30 June 2013		624	624
Net result for 2013-14		189	189
Total Comprehensive Result for 2013-14		189	189
Balance at 30 June 2014		813	813
Net result for 2014-15		48	48
Total Comprehensive Result for 2014-15		48	48
Balance at 30 June 2015		861	861

All changes in equity are attributable to the SA Government as owner

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

South Australian Local Government Grants Commission
STATEMENT OF CASH FLOWS
for the year ended 30 June 2015

	Note No	2015 \$'000 Inflows (Outflows)	2014 \$'000 Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH OUTFLOWS:			
Employee benefit payments		(386)	(267)
Supplies and services		(49)	(112)
Cash used in Operations		(435)	(379)
CASH INFLOWS:			
Interest received		42	134
Other receipts		-	1
Cash generated from Operations		42	135
CASH FLOWS FROM SA GOVERNMENT:			
Receipts from SA Government		419	419
Cash Generated from SA Government		419	419
Net Cash provided by (used in) Operating Activities	16	26	175
NET (DECREASE) / INCREASE IN CASH		26	175
CASH AT 1 JULY		982	807
CASH AT 30 JUNE	10	1,008	982

SOUTH AUSTRALIAN LOCAL GOVERNMENT GRANTS COMMISSION

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

For the Year Ended 30 June 2015

NOTE INDEX

Note 1:	Objectives of the South Australian Local Government Grants Commission	47
Note 2:	Summary of Significant Accounting Policies	47
Note 3:	New and Revised Accounting Standards and Policies	52
Note 4:	Employee Benefit Expenses.....	53
Note 5:	Supplies and Services	53
Note 6:	Auditor's Remuneration	54
Note 7:	Interest Revenue	54
Note 8:	Other Income	54
Note 9:	Revenues from SA Government.....	54
Note 10:	Cash	54
Note 11:	Receivables	55
Note 12:	Payables	55
Note 13:	Employee Benefits.....	55
Note 14:	Unrecognised Contractual Commitments.....	56
Note 15:	Contingent Assets and Liabilities.....	56
Note 16:	Cash Flow Reconciliation	56
Note 17:	Transactions with SA Government.....	57
Note 18:	Remuneration of Commission Members	57
Note 19:	After Balance Date Events	58
Note 20:	Disclosures of Administered Items	58

South Australian Local Government Grants Commission Notes to and forming part of the financial statements

Note 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.

Note 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.

Australian Accounting Standards and interpretations that have been recently issued or amended but are not yet effective have not been adopted by the Commission for the reporting period ending 30 June 2015 (refer note 3).

b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates where management is required to exercise its judgement in the process of applying the Commission's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes;
- accounting policies are 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;
 - 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; and
 - c) employee targeted voluntary separation package information.

South Australian Local Government Grants Commission Notes to and forming part of the financial statements

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 2015 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 19.

The Commission does not control any other entity and has no interests in unconsolidated structured entities. The Commission has not entered into any contractual arrangements which involve the sharing of control or significant influence over another entity.

d) Transfer of Administrative Responsibility

Public Sector (Reorganisation of Public Sector Operations) Notice 2014 (dated 26 June 2014) declared that effective from 1 July 2014 employees of the Commission would transfer from the Department of Primary Industries and Regions (PIRSA) to the Department of Planning, Transport and Infrastructure (DPTI). As a result of this restructuring of administrative arrangements, the Commission's administrative responsibility transferred to DPTI during 2014-15.

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).

South Australian Local Government Grants Commission

Notes to and forming part of the financial statements

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 DPTI 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) 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:

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.

South Australian Local Government Grants Commission

Notes to and forming part of the financial statements

i) 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.

j) Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. Assets and liabilities that are to be 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.

k) 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.

South Australian Local Government Grants Commission

Notes to and forming part of the financial statements

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.

I) 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, work cover 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.

South Australian Local Government Grants Commission Notes to and forming part of the financial statements

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.

The long service leave liability has been allocated between current and non-current liabilities using the leave pattern history of previous years.

m) 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.

Note 3: New and Revised Accounting Standards and Policies

Accounting Standards

In accordance with the new AASB 10 *Consolidated Financial Statements* and AASB 11 *Joint Arrangements*, which became effective for the first time in 2014-15, the Commission has reviewed its control assessments (i.e. the Commission's involvement with the entity; protective and substantive rights; ability to direct major relevant activities etc) in accordance with AASB 10 and its classification assessments in accordance with AASB 11 and has concluded that there is no impact. The Commission does not currently control another entity and does not have any joint arrangements within the scope of AASB 11.

South Australian Local Government Grants Commission

Notes to and forming part of the financial statements

The Commission will continue to review its involvement and arrangements with entities it is connected with to determine the impact of AASB 10 and 11 for future years.

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 2015. 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.

Note 4: Employee Benefit Expenses

	2015	2014
	\$'000	\$'000
Salaries and wages	204	167
Annual Leave	22	19
Long service leave	10	33
TVSP Payments	39	-
Employment on-costs	44	37
Commission fees	46	44
Other employee related expenses	2	-
Total employee benefits expense	367	300

Targeted Voluntary Separation Packages (TVSPs)

	2015	2014
	\$'000	\$'000
Amount paid during the reporting period to separated employees:		
TVSPs	39	-
Annual leave, LSL and SERL paid to those employees	22	-
	61	-
Recovery from the Department of Treasury and Finance	-	-
Net cost to the Commission	61	-

The number of employees who received a TVSP during the reporting period was 1(0).

Note 5: Supplies and Services

	2015	2014
	\$'000	\$'000
Supplies and Services		
Administrative costs	1	4
Information technology	22	33
Auditor's remuneration	10	10
Other	5	4
Utilities	1	-
Other service contracts	7	14
Total Supplies and Services	46	65

South Australian Local Government Grants Commission Notes to and forming part of the financial statements

Note 6: Auditor's Remuneration

	2015 \$'000	2014 \$'000
Audit fees paid/payable to the Auditor-General's Department	10	10
Total Auditor's remuneration	10	10

Other Services

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

Note 7: Interest Revenue

	2015 \$'000	2014 \$'000
Interest from the Department of Treasury and Finance	42	134
Total Interest Revenue	42	134

Note 8: Other Income

	2015 \$'000	2014 \$'000
Other Income		
Reimbursement/Recoveries	-	1
Total Other Income - non-SA Government entities	-	1

Note 9: Revenues from SA Government

	2015 \$'000	2014 \$'000
Revenues from SA Government:		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	419	419
Total Revenues from SA Government	419	419

Note 10: Cash

	2015 \$'000	2014 \$'000
Deposits with the Treasurer	1,008	982
Total Cash and Cash Equivalents	1,008	982

Interest Rate Risk

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.

South Australian Local Government Grants Commission Notes to and forming part of the financial statements

Note 11: Receivables

	2015 \$'000	2014 \$'000
Current:		
Accrued Interest on deposits	2	2
Total Current Receivables	2	2
Total Receivables	2	2

Note 12: Payables

	2015 \$'000	2014 \$'000
Current:		
Accrued expenses	10	13
Employment on-costs	3	4
Total Current Payables	13	17
Non-Current:		
Employment on-costs	10	11
Total Non-Current Payables	10	11
Total Payables	23	28

Interest Rate and Credit Risk

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.

Note 13: Employee Benefits

	2015 \$'000	2014 \$'000
Current:		
Annual leave	13	13
Long service leave	10	10
Skills and Experience Retention Leave	-	1
Accrued salaries and wages	1	7
Total Current Employee Benefits	24	31
Non-Current:		
Long service leave	102	112
Total Non-Current Employee Benefits	102	112
Total Employee Benefits	126	143

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 3.5% (2014) to 3.0% (2015).

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.

South Australian Local Government Grants Commission

Notes to and forming part of the financial statements

The net financial effect of the changes in methodology and actuarial assumptions in the current financial year is an increase in the long service leave liability of \$3,600 and employee benefit on-cost expense of \$300. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions, a key assumption is the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and revised the salary inflation rate down by 1% from 2014 (4%) to 2015 (3%) for annual leave and skills, experience and retention leave liability.

Note 14: Unrecognised Contractual Commitments

No material commitments exist as at 30 June 2015.

Note 15: Contingent Assets and Liabilities

The Commission is not aware of any contingent assets or liabilities as at 30 June 2015.

Note 16: Cash Flow Reconciliation

	2015	2014
	\$'000	\$'000
Reconciliation of Cash and Cash Equivalents - Cash at 30 June as per:		
Statement of Cash Flows	1,008	982
Statement of Financial Position	1,008	982
Reconciliation of Net Cash provided by (used in) operating activities to net revenue (cost of) / from providing services:		
Net cash provided by operating activities	26	175
less: Revenues from SA Government	(419)	(419)
Changes in assets/liabilities		
(Increase) Decrease in payables and provisions	5	44
(Increase) Decrease in employee benefits	17	(30)
Net Revenue (Cost of) / from Providing Services	(371)	(230)

South Australian Local Government Grants Commission Notes to and forming part of the financial statements

Note 17: Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/ transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Note		SA Government		Non-SA Government		Total	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
	EXPENSES						
4	Employee benefits expenses	15	14	352	286	367	300
5	Supplies and services						
	Administrative costs	-	-	1	4	1	4
	Information technology	22	30	-	3	22	33
	Auditor's remuneration	10	10	-	-	10	10
	Other supplies and services	2	-	3	4	5	4
	Utilities	-	-	1	-	1	-
	Other service contracts	-	-	7	14	7	14
	TOTAL EXPENSES	49	54	364	311	413	365
	INCOME						
7	Interest Revenue	42	134	-	-	42	134
8	Other income						
	Reimbursement/Recoveries	-	-	-	1	-	1
9	Revenues from SA Government	419	419	-	-	419	419
	TOTAL INCOME	461	553	-	1	461	554
	FINANCIAL ASSETS						
11	Receivables						
	Accrued Interest on deposits	2	2	-	-	2	2
	TOTAL FINANCIAL ASSETS	2	2	-	-	2	2
	FINANCIAL LIABILITIES						
12	Payables						
	Accrued expenses	10	13	-	-	10	13
	Employment on-costs	7	7	6	8	13	15
	TOTAL FINANCIAL LIABILITIES	17	20	6	8	23	28

Note 18: 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

Hutchinson L (appointed 2 April 2015)

Patetsos M

Vickery R J (retired 31 January 2015)

South Australian Local Government Grants Commission Notes to and forming part of the financial statements

The number of members whose remuneration or receivable falls within the following bands:

	2015 \$'000	2014 \$'000
\$0 - \$9 999	2	2
\$10 000 - \$19 999	1	1
\$20 000 - \$29 999	1	1
Total number of members	4	4

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 \$50,000 (\$51,000).

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.

Note 19: After Balance Date Events

The Commission is not aware of any events occurring after balance date.

Note 20: Disclosures of Administered Items

	2015 \$'000	2014 \$'000
Administered revenues - Commonwealth		
Commonwealth Financial Assistance Grants	229,485	76,341
Commonwealth Roads to Recovery Grants	4,260	4,800
Commonwealth Specific Purpose Grants	-	17,815
Total administered revenues - Commonwealth receipts	233,745	98,956
Administered expenses - Commonwealth		
Commonwealth Financial Assistance Grants	229,485	76,341
Commonwealth Roads to Recovery Grants	4,260	4,800
Commonwealth Specific Purpose Grants	-	17,815
Total administered expenses - Commonwealth payments	233,745	98,956
Administered Assets		
Cash	887	-
Total administered assets	887	-
Administered Liabilities		
Accounts Payable	887	-
Total administered liabilities	887	-

South Australian Local Government Grants Commission CERTIFICATION OF THE FINANCIAL STATEMENTS

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

- complies with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- is in accordance with the accounts and records of the Commission; and
- presents a true and fair view of the financial position of the Commission as at 30 June 2015 and the results of its operation and cash flows for the financial year.

I certify that the internal controls employed by the Commission for the financial year over its financial reporting and its preparation of the general purpose financial statements has been effective throughout the reporting period.



Mary Patetsos
Chair
South Australian Local Government
Grants Commission

9 November 2015



Peter Ilee
Executive Officer
South Australian Local Government
Grants Commission

9 November 2015

INDEPENDENT AUDITOR'S REPORT

Government of South Australia
Auditor-General's Department

Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
DX 56208
Victoria Square
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
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 2015. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2015
- a Statement of Financial Position as at 30 June 2015
- a Statement of Changes in Equity for the year ended 30 June 2015
- a Statement of Cash Flows for the year ended 30 June 2015
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Chairperson and 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

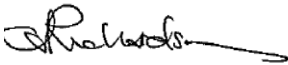
My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical 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 2015, 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.



Andrew Richardson

Auditor-General

20 November 2015