



South Australian
Local Government Grants Commission

2016-17 Annual Report

South Australian Local Government Grants Commission

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To: The Hon Stephan Knoll MP
Minister for Transport, Infrastructure and Local Government
Minister for Planning

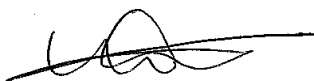
As Chair of the South Australian Local Government Grants Commission, appointed under the *South Australian Local Government Grants Commission Act 1992*, I have pleasure in presenting you with the Commission's Annual Report for 2016-17.

This annual report is presented to Parliament to meet the statutory reporting requirements of the *Public Sector Act 2009*, *Public Finance and Audit Act 1987* and other relevant Acts. Incorporated in this document is annual reporting by the South Australian Local Government Grants Commission and meets the requirements of Premier and Cabinet Circular PC013 Annual Reporting.

This report is verified to be accurate for the purposes of annual reporting to the Parliament of South Australia.

Submitted on behalf of the South Australian Local Government Grants Commission by:

Mary Patetsos
Chair
South Australian Local Government Grants Commission



Signature

21 February 2018

Date

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Section A: Reporting Required under the Public Sector Act 2009, the Public Sector Regulations 2010 and the Public Finance and Audit Act 1987

Agency Purpose or Role

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 2016-17, the Commission made recommendations on the distribution of Financial Assistance Grants for 2017-18 totalling almost \$155.8 million. Of this, \$115.8 million was provided for general purpose grants and \$40 million provided for identified road grants. This represents an increase in general purpose grants from the previous year of 2.47 percent and an increase in identified road grants of 3.42 percent, an overall increase of 2.71 percent over the previous year.

The increase in grant funding for 2017-18 reflects the end of 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.

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 general purpose grants has reduced from 7.12 percent to 7.06 percent of the pool of available funding for 2017-18. In addition, funding provided under the Supplementary Local Roads Funding program was reinstated as part of the 2017-18 Federal Budget for a period of 2 years, providing \$20 million per year.

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.

As a result of the increased pool of grant funding for 2017-18, the Commission increased general purpose grants to over two thirds of the States local governing authorities experiencing an increasing need for assistance. Decreases in grants were provided to one third of councils assessed as having a decreasing need for assistance.

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 2016-17.

In keeping with progressive updates made in previous years, the Commissions Supplementary Return was again updated in 2016-17 to reflect changes in the Model Financial Statements used by the local government sector.

The Commission experienced several changes of membership during 2016-17. The terms of Commissioners Jane Gascoigne and Luke Hutchinson concluded in July 2016 and April 2017 respectively. Commissioners Rory McEwen and Dave Burgess joined the Commission in August 2016 and May 2017 respectively.

Objectives

The South Australian Local Government Grants Commission makes recommendations to the Minister for Local Government for the distribution of untied Commonwealth Financial Assistance Grants.

Grants for local governing authorities in South Australia are distributed in accordance with National Principles set by the Commonwealth *Local Government (Financial Assistance) Act 1995*.

All funds allocated by the Australian Government are distributed to councils as soon as the funds are received. The Commission's administrative costs are met by the State Government.

Key Strategies and their Relationship to SA Government Objectives

The South Australian Local Government Grants Commission is an independent Statutory Authority established under the *South Australian Local Government Grants Commission Act 1992*.

The Commission's responsibilities are independent of the South Australian Government Objectives.

Agency Programs and Initiatives and their Effectiveness and Efficiency

Special Local Roads Program

As part of the Commission's responsibilities to make recommendations on the distribution of untied Commonwealth Financial Assistance Grants, the Commission also makes recommendations on the distribution of grants under the Special Local Roads Program.

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 Local Government Association of SA (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, the Commonwealth's Roads to Recovery Program and the Supplementary Local Road Funding Program (which was reinstated for 2017-18).

The Panel comprises Mayor Keith Parkes, (Mayor, Alexandrina 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 Lee Bacon, 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 2017-18, \$5.99 million will be allocated to specific projects under the Financial Assistance Grants program, \$4.26 million from the Special Projects component of the Standard Roads to Recovery Grants, \$4.26 million from the Special Projects component of the Additional Roads to Recovery Grants (Fuel Excise) and \$3.0 million from the Supplementary Local Road Funding program. \$199,108 returned during 2016-17 will also be allocated in 2017-18. A total of \$17.72 million will be allocated to 38 projects across the State for 2017-18.

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, continue to be responsible 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 Cr Michael (Bim) Lange (Barossa Council) as Chairperson, Mr Don Hogben (General Manager, Planning and Transport Policy, 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.

Legislation Administered by the Agency

The Commission is established under the *South Australian Local Government Grants Commission Act 1992* (the Act).

Grants for local governing authorities in South Australia are distributed in accordance with National Principles set by the Commonwealth *Local Government (Financial Assistance) Act 1995*.

Grants provided out of the Roads to Recovery pool of the Special Local Roads Program are made subject to the requirements of the Commonwealth *National Land Transport Act 2014*.

Organisation of the Agency

Members

The Act provides for three members of the Commission, 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 2016-17 were:

- Mary Patetsos, Chair from 11 August 2010 until 10 August 2015 and reappointed during 2015-16 for a further three years to 12 August 2018, 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;
- Rory McEwen, Commissioner from 1 August 2016 to 31 July 2019, nominee of the Minister for Local Government;
- Cr Luke Hutchinson, Commissioner from 2 April 2015 to 1 April 2017, nominee of the Local Government Association; and
- Mayor Dave Burgess, Commissioner from 23 May 2017 to 22 May 2020, nominee of the Local Government Association.

Administrative Support

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, Mr Peter Ilee, Senior Project Officer, Mr Alex Sgro and a part-time Project Officer, Ms Fiona Mitchell.

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 2016-17 is provided on the following page.

Meeting Date	Meeting Participants
26 September 2016	<p>Commissioners Ms Mary Patetsos (C), Cr Luke Hutchinson and Mr Rory McEwen.</p> <p>Attendees Mr Peter Ilee (EO), Ms Kathrine Edwards and Ms Alex Hart (Manager, Office of Local Government – OLG). <i>Apologies:</i> Mr Alex Sgro</p>
28 November 2016	<p>Commissioners Ms Mary Patetsos (C), Cr Luke Hutchinson and Mr Rory McEwen.</p> <p>Attendees Mr Peter Ilee (EO), Mr Alex Sgro and Ms Alex Hart (Manager, OLG).</p>
27 February 2017	<p>Commissioners Ms Mary Patetsos (C), Cr Luke Hutchinson and Mr Rory McEwen.</p> <p>Attendees Mr Peter Ilee (EO) and Mr Alex Sgro <i>Apologies:</i> Ms Alex Hart (Manager, OLG).</p>
27 March 2017	<p>Commissioners Ms Mary Patetsos (C), Cr Luke Hutchinson and Mr Rory McEwen.</p> <p>Attendees Mr Peter Ilee (EO), Mr Alex Sgro, Ms Alex Hart (Manager, OLG) and Ms Wendy Campana (Commissioner for Kangaroo Island).</p>
1 May 2017	<p>Commissioners Ms Mary Patetsos (C) and Mr Rory McEwen.</p> <p>Attendees Mr Peter Ilee (EO), Mr Alex Sgro and Ms Alex Hart (Manager, OLG).</p>
29 May 2017	<p>Commissioners Ms Mary Patetsos (C), Mr Rory McEwen and Mayor Dave Burgess.</p> <p>Attendees Mr Peter Ilee (EO), Mr Alex Sgro, Ms Alex Hart (Manager, OLG) and Mr Matt Pinnegar (CEO, Local Government Association of South Australia).</p>
23 June 2017	<p>Commissioners Ms Mary Patetsos (C), Mr Rory McEwen and Mayor Dave Burgess.</p> <p>Attendees Mr Peter Ilee (EO), Mr Alex Sgro, Ms Fiona Mitchell and Ms Alex Hart (Manager, OLG).</p>

(C) Denotes Chair (or Presiding Member).

(EO) Denotes Commission's Executive Officer

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 Deputy Chair ACH Group since 2009; Chair SA Housing Trust, 2005, including Chair of the Department of Communities and Social Inclusion Audit and Finance Committees. Deputy Chair of the SA Health Performance Council and the Aged Care Sector Diversity Committee. Mary is also a Director on numerous not for profit Boards including Chairperson Federation of Ethnic Communities Council of Australia and Chairperson Power Community Limited, Port Adelaide Football Club.

Jane Gascoigne, BBus BEd

Commissioner of the SA Local Government Grants Commission from 2010 to 2016; Previous 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.

Luke Hutchinson MBA BBus GAICD

Commissioner of the Local Government Grants Commission from April 2015 to April 2017; Elected Council Member, City of Marion since 2010; Deputy Mayor City of Marion 2014 to 2015; City of Marion Development Assessment Panel Member since 2015; Chair Urban Planning Committee since 2016; 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.

Rory McEwen B.Ag.Sc., Grad. Dip.Ed. Admin., Grad. Dip Curr. Devel.

Commissioner of the Local Government Grants Commission since August 2016; Member of the South Australian House of Assembly 1997 to 2010; Cabinet Minister for 6 years with various portfolios including State/Local Government Relations; Elected Member, District Council of Mount Gambier 1983 to 1985; Chairman, District Council of Mount Gambier / Grant 1985 to 1997; Chairman of the South East Local Government Association 1991 to 1997; Chairman, Greater Green Triangle Regional Development Association 1993 to 1997 and TAFE Educational Manager 1983 to 1997.

Mayor Dave Burgess

Commissioner of the Local Government Grants Commission since May 2017. Mayor, Mid Murray Council since 2010, Local Government Association Board member since 2011, SA Regional Organisation of Councils (SAROC) since 2011, current Local Government Association Vice-President (Country), Director to represent the Local Government Association on Board of the Australian Local Government Association, Chair of Local Government Workers Compensation Scheme and Local Government Mutual Liability Scheme since December 2015, President of Murraylands and Riverland Local Government Association since 2012 and member since 2007, Vice-Chairman of Regional Development Australia Murraylands and Riverland Board and Board Member since 2010. Previous Immediate Past President of the Local Government Association and Board Member Murraylands Tourism Partnership for 6 years.

Employment Opportunity Programs

Commission members are appointed by the Minister for Local Government or the LGA or in the case of the Chair, both the Minister and the LGA. The Ministers Office and the LGA have systems and procedures in place for the selection of members. The Commission's administrative staff are managed within the human resources management framework provided by the Department of Planning, Transport and Infrastructure.

Agency Performance Management and Development Systems

Agency Performance Management and Development systems are in place for the Commissions administrative staff as employees of the Department of Planning, Transport and Infrastructure.

Occupational Health, Safety and Rehabilitation Programs of the Agency and their Effectiveness

The Commission is committed to ensuring Occupational Health, Safety and Rehabilitation Programs in place for Commission members and Staff. Programs in place are determined by the Department of Planning, Transport and Infrastructure.

Fraud Detection in the Agency

There has been no fraud detected in any of the Commission's activities during 2016-17. The Commission and its administrative staff adhere to the financial controls put in place by the Department of Planning, Infrastructure and Infrastructure.

Strategies Implemented to Control and Prevent Fraud

The payment of grants and administrative financial activities are supported by the Department of Planning, Transport and Infrastructure's Financial Management framework.

In addition, the Commission is required to submit an audited Statement of Payments to the Federal Minister for Local Government under Section 15(b) of the Commonwealth *Local Government (Financial Assistance) Act 1995*.

For funding provided under the Special Local Roads Program out of the Roads to Recovery funding pool, the Commission is also required to retain Annual Reports submitted by councils in respect of grants allocated under the program and submit its own audited Annual Report to the Federal Government in accordance with Part 8 of the Commonwealth *National Land Transport Act 2014*.

Whistle-blowers' Disclosure

The Commission did not receive any disclosures of public interest information under the *Whistle-blowers' Protection Act 1993* during 2016-17.

Executive Employment in the Agency

There is no Executive Employment within the Grants Commission in 2016-17.

Consultants and Contractors

The Commission engaged the services of Rex Mooney (RMBAS Local Government Finance Specialist) for consulting services during 2016-17. The value of these services is under \$5,000.

The Commission also contracts Primary Industries and Resources SA (PIRSA) to provide updates to the Commission's Geographical Information System (GIS) during 2016-17. The value of these services is under \$25,000.

Financial Performance of the Agency

The Commission's 2016-17 Audited Financial Statements are attached – See *Appendix VIII*

Section B: Reporting Required under any other Act or Regulation

CHAPTER 1 - 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 below.

The Commission allocated the grants for 2017-18 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 for 2017-18 has increased in line with estimated inflation and the underlying growth in Commonwealth General Purpose grants to the States. Notwithstanding the increasing pool of funding at the National level, the per capita allocation of funding to the States will continue to see South Australia receive a reducing share of the pool due to its declining share of the population. The reintroduction of the Supplementary Local Road Funding program for 2017-18 and 2018-19 as part of the 2017-18 Federal Budget will provide a funding boost to South Australia.

Entitlements for all States for 2016-17 and for 2017-18 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 2016-17 and 2017-18

State	2016-17				
	Proportion (adjusted for actual) (%)	Original Allocation (Estimate) (\$mill)	Adjustment (\$mill)	Brought Fwd Pmt from 2017-18 (\$mill)	Allocation Actual (\$mill)
New South Wales	31.97	508.00	(1.04)	262.63	506.96
Victoria	25.56	397.12	8.14	205.66	405.26
Queensland	20.04	318.47	(0.71)	164.49	317.75
Western Australia	10.46	172.45	(6.56)	89.69	165.89
South Australia	7.12	112.77	0.21	58.01	112.98
Tasmania	2.16	34.27	(0.05)	17.49	34.21
Northern Territory	1.02	16.16	0.01	8.32	16.17
Australian Capital Territory	1.68	26.03	0.56	13.45	26.58
TOTAL	100.00	1,585	0.55	819.73	1,585.80

State	2017-18				\$ Change 2016-17 to 2017-18 (\$)	% Change 2016-17 to 2017-18 (%)
	Proportion (based on estimates) (%)	Allocation (Estimate) (\$mill)	Allocation Plus Brought Fwd Pmt (\$mill)	Cash Payment (\$mill)		
New South Wales	32.01	262.35	524.99	261.31	18,027,233	3.56
Victoria	25.35	210.08	415.74	218.22	10,484,155	2.59
Queensland	20.05	164.31	328.80	163.60	11,046,746	3.48
Western Australia	10.74	86.39	176.09	79.83	10,200,008	6.15
South Australia	7.06	57.77	115.77	57.98	2,792,454	2.47
Tasmania	2.13	17.46	34.95	17.41	740,213	2.16
Northern Territory	1.01	8.24	16.56	8.25	389,951	2.41
Australian Capital Territory	1.65	13.67	27.12	14.23	537,427	2.02
TOTAL	100.00	820.29	1,640.02	820.84	54,218,187	3.42

TABLE 2 - Commonwealth Identified Local Road Grants for Local Government, State and Territory Entitlements 2016-17 and 2017-18

State	2016-17				
	Proportion (adjusted for actual) (%)	Original Allocation (Estimate) (\$mill)	Adjustment (\$mill)	Brought Fwd Pmt from 2017-18 (\$mill)	Allocation Actual (\$mill)
New South Wales	29.01	204.09	0.07	105.53	204.16
Victoria	20.62	145.02	0.05	74.99	145.07
Queensland	18.74	131.80	0.05	68.15	131.84
Western Australia	15.29	107.55	0.04	55.62	107.59
South Australia	5.50	38.66	0.01	19.99	38.67
Tasmania	5.30	37.28	0.01	19.28	37.29
Northern Territory	2.34	16.48	0.01	8.52	16.48
Australian Capital Territory	3.21	22.56	0.01	11.66	22.56
TOTAL	100.00	703.42	0.24	363.74	703.67

State	2017-18				\$ Change 2016-17 to 2017-18 (\$)	% Change 2016-17 to 2017-18 (%)
	Proportion (based on estimates) (%)	Allocation (Estimate) (\$mill)	Allocation Plus Brought Fwd Pmt (\$mill)	Cash Payment (\$mill)		
New South Wales	29.01	105.60	211.14	105.67	6,980,040	3.42
Victoria	20.62	75.04	150.03	75.09	4,959,931	3.42
Queensland	18.74	68.20	136.35	68.24	4,507,626	3.42
Western Australia	15.29	55.65	111.27	55.69	3,678,534	3.42
South Australia	5.50	20.00	39.99	20.02	1,322,160	3.42
Tasmania	5.30	19.29	38.56	19.30	1,274,915	3.42
Northern Territory	2.34	8.53	17.05	8.53	563,559	3.42
Australian Capital Territory	3.21	11.67	23.33	11.68	771,438	3.42
TOTAL	100.00	363.99	727.73	364.231286	24,058,203	3.42

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 2017-18 allocations there were 68 councils, the Outback Communities Authority and five Aboriginal communities eligible for grants.

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 principle for the identified local road grants, listed on the following page. 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 functions 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.

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 2016-17. In accordance with Section 9 of the Act an information statement is provided below.

Statement Section 9

Structure and functions of the Commission

Refer to Section A 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 3 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 3
	77 Grenfell Street
	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.

CHAPTER 2 - 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 VIII*.

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, (\$20.33 for 2017-18), 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 2017-18 grants, the Commission constrained changes to grants between minus 2% and positive 14%. 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 years from the ABS Census and estimated resident population
Health Inspection	Reported expenditures ¹	Establishments to inspect
Libraries	Reported expenditures ¹	Estimated Resident Population
Sport, Recreation & Culture	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
Environment and Coastal Protection	Reported Expenditures ¹	Estimated Resident Population
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;
 - 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;

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 below.-

Summary of figures by function

Total Population = 1708135

Function	Standard in Dollars	Unit of Measure per Capita	Total Units of Measure	Unit of Measure
Expenditure Functions				
Waste Management	173.02	0.47823	808,361	No of residential, rural and commercial (shop) properties
Aged Care Services	161.92	0.17444	294,857	Population aged more than 65
Services To Families And Children	76.41	0.17597	297,450	Population aged 0 to 14
Health Inspection	371.17	0.01235	20,874	Establishments to inspect
Libraries	62.72	1.00634	1,701,014	Estimated Resident Population
Sport, Recreation & Culture	267.00	0.76586	1,294,535	Population aged 5 to 49
Sealed Roads - Built Up	12,182.45	0.00637	10,760	Kilometres of sealed builtup
Sealed Roads - Non Built Up	12,182.45	0.00457	7,731	Kilometres of sealed non-builtup
Sealed Roads - Footpaths etc	17,368.36	0.00637	10,760	Kilometres of sealed builtup
Unsealed Roads - Built Up	1,787.70	0.00042	705	Kilometres of formed and surfaced, and natural surface formed builtup road
Unsealed Roads - Non Built Up	1,787.70	0.02791	47,182	Kilometres of formed and surfaced, and natural surface formed non-builtup road
Roads - Unformed	184.08	0.00507	8,570	Kilometres of natural surfaced unformed road
Stormwater Drainage - Maintenance	83.77	0.46211	781,111	No of urban, industrial and commercial properties including exempt
Community Support	50.15	0.99257	1,677,749	3yr average population * SEIFA Advantage Disadvantage CRI
Jetties and Wharves	22,749.73	0.00005	77	Number of jetties and wharves
Public Order and Safety	28.84	0.55151	932,223	Total no of properties
Planning And Building Control	1,852.48	0.02624	44,349	No of new developments and additions
Bridges	10,065.13	0.00051	864	Number of bridges
Environment & Coastal Protection	22.32	1.00634	1,701,014	Estimated Resident Population
Other Special Needs	1.00	19.19239	32,441,000	Total of dollars attributed
Revenue Functions				
Rates - residential	0.0037	153,309	258,806,958,488	Valuation of residential
- commercial	0.0067	20,640	34,888,300,746	Valuation of commercial
- industrial	0.0072	3,525	5,958,821,103	Valuation of industrial
- rural	0.0035	20,472	34,106,184,831	Valuation of rural
- other	0.0048	6,478	10,950,547,206	Valuation of other
Subsidies	1.00	28.56824	48,289,042	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, (\$20.33 for 2017-18), 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 2017-18 grants, the Commission constrained changes between minus 2% and positive 14%.

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 2017-18 per capita general purpose grant is \$401.14.

General purpose grants for the Outback Communities Authority increased by 2.47 percent for 2017-18, reflecting the increase in the pool of General Purpose Grants for South Australia.

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 2017-18 the per capita grant varied from \$203.40 for Gerard Community to \$1,269.2 for Maralinga Tjarutja Community.

General purpose grants for the Aboriginal communities increased by 2.47 percent, reflecting the increase in the pool of General Purpose Grants for South Australia.

CHAPTER 3 - COMMISSION ACTIVITIES 2016-17

Grant Allocation

The total 2016-17 allocation of \$151,652,077 was increased following the end of the financial year by \$225,623 after adjustments for rounding by the Australian Government. This rounding increase will be passed on to councils in the four quarterly instalments during 2017-18. The actual allocation figure, which includes the adjusted 2016-17 allocations, is shown in *Chapter 6*.

For 2017-18, the Commission made recommendations on the distribution of \$155,766,691 that included both general financial assistance grants and identified local road grants. A full list of allocations is contained in *Chapter 6*.

The general financial assistance grants were \$115,773,190, an increase of 2.47 percent over 2016-17. The identified local road grants were \$39,993,501, an increase of 3.42 percent over the 2016-17 road component.

The Supplementary Local Road Funding program was reinstated by the Australian Government as part of the 2017-18 Federal Budget, providing \$20 million per year for 2017-18 and 2018-19.

Allocations were prepared in accordance with national distribution principles, under the *Commonwealth Local Government (Financial Assistance) Act 1995*. The principles are detailed in *Chapter 1*.

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 methodology was introduced in line with the grant allocations for 1997-98. 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 liaised with councils 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 2016) were used in the calculation of the 2017-18 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 Millburn 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 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 continue to be excluded until further investigation was completed.

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 was updated 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.

During 2015-16, the Commission continued to assess recommendations from the KPMG Review, including a review of its Other Needs Assessment (Function 50). KPMG had recommended that Function 50 be removed and the Commission undertook a detailed review of elements of the function, making a number of changes for the 2016-17 grant recommendations.

Changes included removing the allowance provided to the City of Adelaide recognising its Capital City status, removing the Duplicated Facilities allowance, developing a new expenditure assessment for the Environment and Coastal Protection allowances based on population, expanding the Sport and Recreation expenditure assessment to include net expenditure from the cultural and tourism allowance in Function 50 and expanding the Isolation Allowance by a multiple of four.

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 OLG 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. Electronic copies of each Councils GIS are provided to Councils free of charge each year. 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 2016-17, the Commission continued with a very limited visiting program due to limited resources. Commission members and staff attended 5 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 October 2016

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

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 2016-17.

The Year Ahead

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

The Commission's 2017-18 grant recommendations included the first significant increases in grants to councils assessed as having the greatest need since the introduction of the Indexation Pause. The Commission will continue to monitor the assessments of these councils during 2017-18.

Collection and dissemination of South Australia's Local Government Finance Statistics will again be a major focus in 2017-18. 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 2016-17, maintaining a number of strategies to improve its data collection. This will continue in 2017-18.

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 2016-17 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 2017-18 and is planning to visit a number of regional Councils, the remote Aboriginal Communities, Coober Pedy and Roxby Downs councils.

These sessions provide a unique opportunity to discuss the grant allocation process. The Commission values the chance to brief councils on methodology details, and to hear about specific issues facing Council and the Community.

CHAPTER 6 – GRANT ALLOCATIONS

Estimated Grant Allocations for 2017-18

Local Government Authority	Population as at 30-Jun-16	General Purpose Grant (\$)	Identified Road Grant (\$)	Special Local Road Grant (\$)	Total Estimated Grant (\$)
Adelaide	23,615	480,093	252,171		732,264
Adelaide Hills	40,013	813,464	705,356		1,518,820
Adelaide Plains	8,806	1,127,597	255,214		1,382,811
Alexandrina	25,585	725,616	585,266		1,310,882
Barossa	23,410	624,452	466,255		1,090,707
Barunga West	2,453	341,059	192,627		533,686
Berri Barmera	10,350	2,355,155	210,302		2,565,457
Burnside	45,337	921,701	480,171		1,401,872
Campbelltown	51,983	1,056,814	537,310		1,594,124
Ceduna	3,743	2,006,336	444,063		2,450,399
Charles Sturt	114,677	2,331,383	1,200,805	40,000	3,572,188
Clare & Gilbert Valleys	9,059	639,216	388,227	125,000	1,152,443
Cleve	1,791	1,048,247	395,079		1,443,326
Coober Pedy	1,782	805,994	45,680		851,674
Coorong	5,516	2,361,012	662,634		3,023,646
Copper Coast	14,299	1,419,159	323,933		1,743,092
Elliston	1,056	715,974	410,240	882,000	2,008,214
Flinders Ranges	1,576	1,179,368	298,648		1,478,016
Franklin Harbour	1,211	1,013,952	216,857		1,230,809
Gawler	23,192	1,290,833	317,346		1,608,179
Goyder	4,213	2,605,531	675,750		3,281,281
Grant	8,326	1,123,955	337,222		1,461,177
Holdfast Bay	37,376	759,854	375,534		1,135,388
Kangaroo Island	4,635	1,596,276	397,934		1,994,210
Karoonda East Murray	991	1,181,395	338,935		1,520,330
Kimba	1,098	983,311	302,858		1,286,169
Kingston	2,369	528,959	251,521		780,480
Light	15,031	337,656	419,348		757,004
Lower Eyre Peninsula	5,072	464,030	412,200		876,230
Loxton Waikerie	11,396	3,516,367	730,429		4,246,796
Marion	89,777	1,825,166	960,189		2,785,355
Mid Murray	8,268	3,030,163	648,084	1,163,000	4,841,247
Mitcham	66,314	1,348,164	759,099	275,000	2,382,263
Mount Barker	33,117	722,062	572,680		1,294,742
Mount Gambier	26,317	2,419,637	395,943		2,815,580
Mount Remarkable	2,774	1,621,259	364,986		1,986,245

Local Government Authority	Population as at 30-Jun-16	General Purpose Grant (\$)	Identified Road Grant (\$)	Special Local Road Grant (\$)	Total Estimated Grant (\$)
Murray Bridge	21,163	3,385,663	479,873		3,865,536
Naracoorte Lucindale	8,305	2,497,101	483,288		2,980,389
Northern Areas	4,454	1,386,447	400,997		1,787,444
Norwood, Payneham & St Peters	37,496	762,294	365,514		1,127,808
Onkaparinga	169,575	5,186,567	2,358,377		7,544,944
Orroroo Carrieton	854	948,757	254,994	415,000	1,618,751
Peterborough	1,696	1,299,956	244,614		1,544,570
Playford	89,676	9,231,130	1,287,085		10,518,215
Port Adelaide Enfield	125,083	2,542,937	1,362,475	175,000	4,080,412
Port Augusta	14,441	2,633,689	288,526		2,922,215
Port Lincoln	14,997	1,208,108	229,357		1,437,465
Port Pirie	17,345	4,037,478	465,456	400,000	4,902,934
Prospect	21,410	435,265	204,515		639,780
Renmark Paringa	9,117	2,481,674	214,671		2,696,345
Robe	1,424	28,950	108,379	245,000	382,329
Roxby Downs	4,985	115,533	78,984		194,517
Salisbury	140,212	6,320,296	1,578,896		7,899,192
Southern Mallee	2,056	1,119,984	402,026		1,522,010
Streaky Bay	2,267	1,435,617	463,822		1,899,439
Tatiara	6,570	2,664,867	557,601	275,000	3,497,468
Tea Tree Gully	99,118	2,015,069	1,120,964		3,136,033
Tumby Bay	2,659	522,530	263,031		785,561
Unley	39,518	803,401	381,158		1,184,559
Victor Harbor	15,337	311,801	275,807	474,000	1,061,608
Wakefield	6,870	1,906,387	530,179		2,436,566
Walkerville	7,694	156,419	77,152		233,571
Wattle Range	11,258	2,209,533	533,262	130,000	2,872,795
West Torrens	59,312	1,205,813	612,247	1,400,000	3,218,060
Whyalla	22,582	3,885,895	393,752		4,279,647
Wudinna	1,269	1,201,510	396,668		1,598,178
Yankalilla	4,777	125,013	153,979		278,992
Yorke Peninsula	10,966	1,409,535	808,594		2,218,129
Outback Communities Authority	3,678	1,475,376			1,475,376
Anangu Pitjantjatjara	2,773	1,167,413	150,317		1,317,730
Gerard Community Council	224	45,561	20,027		65,588
Maralinga Tjarutja	75	95,195	53,779		148,974
Nipapanha Community Inc	75	29,226	19,940		49,166
Yalata Community Council	296	163,990	43,299		207,289
STATE TOTAL	1,708,135	115,773,190	33,994,501	5,999,000	155,766,691

Final Grant Allocations for 2016-17

Local Government Authority	2016-17 Actual General Purpose Grant \$	2016-17 Actual Road Grant \$	2016-17 Special Road Grant \$	2016-17 Total Actual Grant \$
Adelaide	462,394	241,084		703,478
Adelaide Hills	812,807	683,709		1,496,516
Adelaide Plains	1,050,438	246,025		1,296,462
Alexandrina	659,651	565,160		1,224,811
Barossa	547,765	447,623	345,000	1,340,388
Barunga West	348,020	186,426		534,446
Berri Barmera	2,403,220	204,765		2,607,985
Burnside	898,765	464,319		1,363,084
Campbelltown	1,035,574	520,970		1,556,544
Ceduna	2,047,281	429,778		2,477,059
Charles Sturt	2,279,323	1,161,669		3,440,992
Clare & Gilbert Valleys	560,716	376,064		936,780
Cleve	963,386	382,748		1,346,134
Cooper Pedy	806,459	44,528		850,988
Coorong	2,409,196	642,386		3,051,582
Copper Coast	1,448,121	311,368		1,759,489
Elliston	730,586	397,450	281,000	1,409,036
Flinders Ranges	1,203,437	289,705		1,493,142
Franklin Harbour	1,034,645	210,248		1,244,893
Gawler	1,173,485	302,925		1,476,410
Goyder	2,658,706	654,876		3,313,582
Grant	985,925	325,520	150,000	1,461,446
Holdfast Bay	743,675	363,874		1,107,550
Kangaroo Island	1,451,160	385,154		1,836,314
Karoonda East Murray	1,205,505	328,610		1,534,114
Kimba	1,003,378	293,338		1,296,716
Kingston	539,755	243,107	40,000	822,861
Light	296,189	403,968	270,000	970,158
Lower Eyre Peninsula	473,500	399,506		873,006
Loxton Waikerie	3,588,130	708,394		4,296,524
Marion	1,775,876	927,425		2,703,301
Mid Murray	3,092,003	627,086	662,000	4,381,089
Mitcham	1,324,118	736,133		2,060,251
Mount Barker	668,243	547,367		1,215,610
Mount Gambier	2,199,670	384,081		2,583,751
Mount Remarkable	1,654,346	353,565		2,007,910

Local Government Authority	2016-17 Actual General Purpose Grant \$	2016-17 Actual Road Grant \$	2016-17 Special Road Grant \$	2016-17 Total Actual Grant \$
Murray Bridge	3,160,249	462,519		3,622,769
Naracoorte Lucindale	2,270,092	469,020	32,000	2,771,112
Northern Areas	1,397,540	388,913		1,786,454
Norwood, Payneham & St Peters	745,412	353,689		1,099,101
Onkaparinga	5,292,415	2,275,224		7,567,639
Orroroo Carrieton	968,119	246,963		1,215,082
Peterborough	1,326,486	236,633		1,563,119
Playford	8,540,981	1,237,977	1,850,000	11,628,959
Port Adelaide Enfield	2,469,818	1,312,323		3,782,140
Port Augusta	2,658,608	280,729		2,939,337
Port Lincoln	1,098,280	222,136		1,320,416
Port Pirie	3,928,063	451,762		4,379,825
Prospect	427,410	198,567		625,977
Renmark Paringa	2,532,320	209,569		2,741,889
Robe	29,240	105,046		134,286
Roxby Downs	101,344	77,822		179,166
Salisbury	6,251,801	1,519,956		7,771,756
Southern Mallee	1,122,794	389,443		1,512,237
Streaky Bay	1,464,915	448,963		1,913,878
Tatiara	2,422,606	540,964	183,000	3,146,570
Tea Tree Gully	1,973,016	1,086,309		3,059,325
Tumby Bay	533,194	254,858		788,053
Unley	784,808	368,919		1,153,727
Victor Harbor	302,734	265,024	636,000	1,203,758
Wakefield	1,823,894	513,887		2,337,781
Walkerville	153,134	74,769		227,902
Wattle Range	1,938,187	519,717	100,000	2,557,903
West Torrens	1,176,773	592,288	1,250,000	3,019,060
Whyalla	3,854,152	383,895		4,238,048
Wudinna	1,226,030	383,462		1,609,492
Yankalilla	127,565	148,061		275,625
Yorke Peninsula	1,438,300	784,103		2,222,403
Outback Communities Authority	1,439,813			1,439,813
Anangu Pitjantjatjara Yankunytjatjara	1,139,273	145,356		1,284,629
Gerard Cty Council	44,462	19,366		63,828
Maralinga Tjarutja	92,900	52,004		144,905
Nipapanha Community Inc.	28,522	19,282		47,803
Yalata Community Inc.	160,038	41,870		201,908
STATE TOTAL	112,980,736	32,872,341	5,799,000	151,652,077

Section C: Reporting of Public Complaints as Requested by the Ombudsman

In 2016-17, the Grants Commission was not required to report any public complaints requested by the Ombudsman.

APPENDIX I - Road Lengths by Council by Surface Type as at 30 June 2016

(Road length data includes laneways)

Council name	Sealed	Formed	Unformed	TOTAL
Adelaide	129	0	0	129
Adelaide Hills	615	383	7	1,005
Adelaide Plains	160	676	130	966
Alexandrina	558	792	26	1,376
Barossa	352	552	71	975
Barunga West	73	754	97	924
Berri Barmera	276	132	76	484
Burnside	235	5	0	240
Campbelltown	255	0	0	255
Ceduna	78	1380	257	1,715
Charles Sturt	580	1	0	582
Clare & Gilbert Valleys	236	1409	188	1,833
Cleve	114	1317	115	1,546
Cooper Pedy	30	128	263	421
Coorong	361	1531	1	1,894
Copper Coast	278	548	131	957
Elliston	44	967	136	1,148
Flinders Ranges	40	886	336	1,262
Franklin Harbour	81	666	37	784
Gawler	179	21	2	202
Goyder	160	2862	226	3,248
Grant	497	765	307	1,569
Holdfast Bay	179	1	0	179
Kangaroo Island	256	1056	51	1,362
Karoonda East Murray	130	1121	48	1,299
Kimba	100	979	636	1,716
Kingston	130	559	55	744
Light	178	1225	55	1,459
Lower Eyre Peninsula	144	1117	83	1,344
Loxton Waikerie	415	1690	199	2,304
Marion	475	0	0	475
Mid Murray	337	2084	976	3,398
Mitcham	406	5	1	412
Mount Barker	354	393	30	777
Mount Gambier	224	1	1	226
Mount Remarkable	110	1525	433	2,067

Council name	Sealed	Formed	Unformed	TOTAL
Murray Bridge	446	508	22	976
Naracoorte Lucindale	480	1101	36	1,618
Northern Areas	137	1792	274	2,203
Norwood, Payneham & St. Peter	173	0	0	173
Onkaparinga	1293	191	3	1,487
Orroroo Carrieton	59	872	697	1,628
Peterborough	40	805	386	1,231
Playford	740	88	6	833
Port Adelaide Enfield	685	4	0	689
Port Augusta	196	123	92	412
Port Lincoln	151	6	2	159
Port Pirie	316	1008	43	1,367
Prospect	91	0	0	91
Renmark Paringa	307	132	40	480
Robe	42	337	56	435
Roxby Downs	34	4	0	39
Salisbury	823	5	0	828
Southern Mallee	119	1069	144	1,332
Streaky Bay	99	1415	219	1,734
Tatiara	521	1186	225	1,932
Tea Tree Gully	581	10	6	597
Tumby Bay	53	967	90	1,110
Unley	170	0	0	170
Victor Harbor	256	143	2	402
Wakefield	206	2394	86	2,686
Walkerville	36	0	0	36
Wattle Range	544	1346	554	2,444
West Torrens	293	0	0	293
Whyalla	225	125	3	353
Wudinna	89	1279	321	1,690
Yankalilla	130	367	48	545
Yorke Peninsula	481	3174	236	3,891
TOTAL	18,583	47,986	8,570	75,140

APPENDIX II – Cost Relativity Indices - 2017-18 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	1.02	0.92
Adelaide Plains	0.84	0.90	0.98	0.98	1.00	1.04	0.95
Alexandrina	0.91	0.98	1.01	1.03	1.04	1.06	0.91
Barossa	1.00	1.03	1.03	1.03	1.05	1.10	0.92
Barunga West	0.87	0.92	0.98	0.98	1.00	1.02	0.90
Berri Barmera	1.05	0.99	1.00	1.05	1.05	1.05	0.92
Burnside	1.14	0.96	0.99	0.93	0.90	0.97	0.96
Campbelltown	1.24	0.96	1.00	1.00	1.00	1.01	0.95
Ceduna	0.89	0.95	1.01	1.01	1.00	1.06	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	1.05	0.92
Cleve	0.87	0.93	0.98	0.98	1.00	1.03	0.94
Cooper Pedy	0.90	0.94	0.98	0.98	1.00	1.14	0.84
Coorong	0.90	0.95	1.00	1.00	1.02	1.02	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	1.18	0.94
Flinders Ranges	0.87	1.04	0.97	0.94	0.92	1.03	0.87
Franklin Harbour	0.87	0.92	0.99	0.98	1.00	1.03	0.93
Gawler	0.90	1.00	1.01	1.04	1.11	0.98	0.97
Goyder	0.89	0.91	0.99	0.99	1.00	1.07	0.89
Grant	0.88	0.87	0.98	0.94	0.93	1.04	0.96
Holdfast Bay	1.09	0.99	1.00	1.00	1.00	0.97	1.07
Kangaroo Island	0.94	0.99	1.00	1.03	0.99	1.10	0.91
Karoonda East Murray	0.87	0.91	0.98	0.98	0.99	1.12	0.87
Kimba	0.87	0.93	0.98	0.99	1.00	1.01	0.92
Kingston	1.03	1.03	1.00	0.96	1.06	0.99	0.95
Light	0.85	0.94	0.98	0.99	1.02	1.02	0.97
Lower Eyre Peninsula	0.91	0.95	0.98	0.99	1.00	1.08	0.95
Loxton Waikerie	0.88	0.98	0.98	0.98	0.98	1.10	0.90
Marion	1.09	0.96	0.98	0.98	1.00	0.97	0.97
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	1.06	0.99
Mount Gambier	0.81	0.80	0.99	0.89	0.90	0.98	1.00
Mount Remarkable	0.88	0.93	0.99	0.99	0.99	1.05	0.87
Murray Bridge	0.86	1.01	1.00	1.01	1.03	1.01	0.97
Naracoorte Lucindale	0.96	1.12	1.03	1.07	1.18	1.02	0.95
Northern Areas	0.88	0.92	1.01	1.01	1.01	1.15	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	0.98	0.98
Orroroo Carrieton	0.87	0.90	0.98	0.97	0.96	1.06	0.85
Peterborough	0.88	0.92	1.00	1.00	0.96	1.00	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	0.99	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	0.97
Port Pirie	0.88	0.92	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	1.08	1.01	0.94
Roxby Downs	0.89	0.90	0.99	0.98	1.00	1.01	0.91
Salisbury	1.05	0.96	1.12	1.05	1.00	0.98	1.01
Southern Mallee	0.88	0.95	1.01	1.00	0.97	1.04	0.90
Streaky Bay	0.76	0.82	0.95	0.95	0.97	1.13	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	1.01	1.01	1.00	1.04	0.94
Unley	1.27	0.97	1.00	1.00	1.00	0.98	0.97
Victor Harbor	0.88	0.95	0.94	0.98	0.92	1.07	0.99
Wakefield	0.88	0.91	1.00	1.01	1.00	1.03	0.92
Walkerville	1.06	0.96	1.00	1.00	1.00	0.98	0.97
Wattle Range	0.98	1.15	1.00	1.04	1.11	1.00	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	1.00	0.88
Yankalilla	0.99	1.09	0.99	1.02	1.05	1.02	0.98
Yorke Peninsula	0.87	0.89	0.99	0.99	0.97	1.08	0.95

APPENDIX III – Revenue relativity index – 2017-18 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
Adelaide Plains	1034.815823	1.054683
Alexandrina	1000.020953	1.019220
Barossa	1027.978887	1.047715
Barunga West	980.9946496	0.999828
Berri Barmera	927.2674587	0.945070
Burnside	1044.495148	1.064548
Campbelltown	989.5761623	1.008575
Ceduna	940.5006614	0.958557
Charles Sturt	957.1495661	0.975525
Clare & Gilbert Valleys	1003.054095	1.022311
Cleve	1021.336811	1.040945
Coober Pedy	870.3099372	0.887019
Coorong	965.6347135	0.984173
Copper Coast	955.1868559	0.973525
Elliston	977.6215957	0.996390
Flinders Ranges	968.7272326	0.987325
Franklin Harbour	982.6914905	1.001558
Gawler	973.1754286	0.991859
Goyder	972.1563996	0.990820
Grant	1046.171585	1.066257
Holdfast Bay	991.2308372	1.010261
Kangaroo Island	981.868702	1.000719
Karoonda East Murray	999.3817604	1.018568
Kimba	1037.835826	1.057761
Kingston	988.2700091	1.007243
Light	1056.244704	1.076523
Lower Eyre Peninsula	1033.366189	1.053205
Loxton Waikerie	960.8397234	0.979286
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 IV – 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 2015, 2016 and 2017 averaged).

Unit of Measure:	Residential	Commercial	Industrial	Rural	Other
Adelaide	199,934	370,438	2,740	0	35,041
Adelaide Hills	178,978	6,493	892	49,192	6,498
Adelaide Plains	100,843	3,097	1,812	80,088	8,369
Alexandrina	181,529	7,573	1,892	65,154	13,059
Barossa	127,358	11,470	10,414	50,149	7,199
Barunga West	131,801	6,766	1,994	276,847	8,157
Berri Barmera	70,681	11,944	3,030	19,888	4,174
Burnside	317,851	21,494	245	129	7,152
Campbelltown	183,544	7,011	967	87	6,144
Ceduna	86,986	17,857	1,091	25,629	7,758
Charles Sturt	188,316	20,995	3,676	21	4,836
Clare & Gilbert Valleys	91,882	13,553	3,490	149,728	7,160
Cleve	74,798	14,379	1,030	220,988	4,941
Coober Pedy	59,601	18,253	1,135	0	4,734
Coorong	59,793	6,350	731	170,238	7,322
Copper Coast	162,689	14,395	1,559	31,163	18,332
Elliston	106,917	12,338	1,215	211,195	17,527
Flinders Ranges	74,307	9,078	633	50,712	7,339
Franklin Harbour	122,229	13,317	1,017	64,480	12,252
Gawler	119,202	12,592	824	5,254	7,738
Goyder	53,854	5,110	787	190,169	4,698
Grant	71,635	2,743	3,119	164,689	5,526
Holdfast Bay	266,318	24,333	1,225	0	5,894
Kangaroo Island	137,186	17,026	1,800	128,763	30,199
Karoonda East Murray	33,140	7,314	2,919	207,171	5,247
Kimba	50,101	16,295	928	199,325	3,615
Kingston	146,877	10,739	1,371	243,207	24,535
Light	104,715	7,646	6,989	95,284	5,681
Lower Eyre Peninsula	139,714	7,567	1,348	193,496	21,074
Loxton Waikerie	72,780	7,541	2,401	61,413	4,022
Marion	166,597	18,483	1,843	68	3,804
Mid Murray	152,165	6,617	1,209	69,301	20,239
Mitcham	218,757	10,481	1,734	677	5,897
Mount Barker	138,599	14,387	2,170	35,632	8,968
Mount Gambier	89,996	18,325	4,389	803	4,710
Mount Remarkable	76,586	8,256	528	126,546	9,681
Murray Bridge	80,978	13,756	4,493	23,030	6,513
Naracoorte Lucindale	69,674	11,374	2,658	165,912	4,106
Northern Areas	64,648	9,007	1,139	224,960	6,283
Norwood, Payneham & St Peter	237,848	47,202	2,986	16	9,786
Onkaparinga	134,788	8,696	2,201	7,154	4,200
Orroroo Carrieton	52,033	6,901	622	152,164	2,190
Peterborough	44,993	6,885	885	39,403	2,624
Playford	77,516	10,769	2,013	11,071	4,407
Port Adelaide Enfield	137,329	23,754	14,537	11	6,647
Port Augusta	81,126	15,201	2,550	1,874	6,046
Port Lincoln	118,294	23,576	4,864	969	7,499
Port Pirie	72,409	11,060	2,464	25,060	3,837
Prospect	214,081	16,589	769	0	4,724
Renmark Paringa	77,072	11,012	2,688	37,869	3,648
Robe	375,909	35,592	5,786	218,634	43,481
Roxby Downs	111,880	12,531	1,645	0	3,755
Salisbury	108,863	14,278	4,800	597	3,541
Southern Mallee	31,947	9,703	977	164,560	2,185
Streaky Bay	99,243	13,241	1,357	86,860	22,967
Tatiara	51,378	9,275	3,869	175,388	3,331
Tea Tree Gully	150,558	12,053	1,220	876	2,870
Tumby Bay	123,727	13,219	1,223	218,662	13,492
Unley	279,407	29,545	701	1	7,558
Victor Harbor	193,715	15,667	1,009	21,074	14,618
Wakefield	60,026	8,957	1,639	183,352	6,275
Walkerville	346,822	19,019	208	0	11,894
Wattle Range	72,186	7,974	6,796	149,659	5,986
West Torrens	172,903	31,329	7,467	19	5,390
Whyalla	79,668	11,167	1,725	509	2,922
Wudinna	44,731	17,111	667	150,237	2,267
Yankalilla	244,971	11,026	934	102,494	29,457
Yorke Peninsula	205,263	10,893	1,363	239,469	22,418
State	153,309	20,640	3,525	20,472	6,478

APPENDIX V – Units of Measure by function - Expenditure

Data sourced from Councils and the Australian Bureau of Statistics as at 30 June 2016.

Function:	Waste Management	Aged Care Services	Services to Families & Children	Health Inspection	Libraries	Sport, Recreation and Culture
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	13,532	3,060	1,318	1,696	23,615	19,485
Adelaide Hills	16,250	6,637	7,693	1,051	40,013	31,195
Adelaide Plains	4,220	1,149	1,823	239	8,806	7,043
Alexandrina	16,069	6,877	3,943	361	25,585	17,325
Barossa	11,251	4,433	4,478	443	23,410	17,329
Barunga West	2,450	715	371	53	2,453	1,619
Berri Barmera	5,550	2,145	2,009	211	10,350	7,714
Burnside	19,759	9,903	6,984	369	45,337	33,311
Campbelltown	21,977	10,432	8,393	413	51,983	38,612
Ceduna	1,917	520	722	43	3,743	2,973
Charles Sturt	52,423	21,039	18,230	1,108	114,677	86,389
Clare & Gilbert Valleys	5,955	1,814	1,861	297	9,059	6,662
Cleve	1,301	368	378	23	1,791	1,300
Cooper Pedy	1,304	382	272	36	1,782	1,323
Coorong	3,609	1,254	1,014	123	5,516	3,981
Copper Coast	9,659	3,633	2,328	179	14,299	9,718
Elliston	972	132	209	21	1,056	870
Flinders Ranges	1,444	361	268	51	1,576	1,170
Franklin Harbour	958	249	235	13	1,211	894
Gawler	10,048	4,301	4,011	383	23,192	17,052
Goyder	3,960	951	753	60	4,213	3,073
Grant	4,933	1,291	1,594	109	8,326	6,496
Holdfast Bay	19,141	8,462	4,630	429	37,376	27,292
Kangaroo Island	3,887	1,027	784	213	4,635	3,330
Karoonda East Murray	910	221	187	18	991	726
Kimba	788	215	199	38	1,098	801
Kingston	2,027	589	339	32	2,369	1,670
Light	6,859	1,838	3,214	256	15,031	12,091
Lower Eyre Peninsula	3,015	795	1,065	36	5,072	3,996
Loxton Waikerie	6,785	2,503	2,055	228	11,396	8,285
Marion	40,418	15,084	14,470	647	89,777	68,621
Mid Murray	8,152	2,036	1,153	237	8,268	5,903
Mitcham	27,232	12,577	11,485	553	66,314	50,079
Mount Barker	14,084	4,447	6,923	692	33,117	25,841
Mount Gambier	12,789	4,513	5,283	354	26,317	20,052
Mount Remarkable	2,549	704	424	77	2,774	1,977
Murray Bridge	10,422	3,901	3,946	216	21,163	15,775
Naracoorte Lucindale	5,519	1,550	1,522	138	8,305	6,343
Northern Areas	3,681	1,092	776	63	4,454	3,114
Norwood, Payneham & St Peters	17,756	6,735	5,320	617	37,496	28,678
Onkaparinga	72,799	26,974	31,977	1,424	169,575	130,928
Orroroo Carrieton	1,170	231	127	33	854	581
Peterborough	1,518	439	273	53	1,696	1,172
Playford	36,666	10,336	20,142	570	89,676	70,283
Port Adelaide Enfield	55,364	18,482	21,523	1,227	125,083	97,150
Port Augusta	6,769	2,340	2,795	196	14,441	11,197
Port Lincoln	6,924	2,555	2,928	262	14,997	11,365
Port Pirie	9,198	3,577	3,269	215	17,345	12,979
Prospect	9,277	2,763	3,515	225	21,410	17,344
Renmark Paringa	4,800	1,795	1,627	163	9,117	6,910
Robe	1,886	332	194	24	1,424	1,034
Roxby Downs	1,854	54	940	38	4,985	4,537
Salisbury	55,607	19,198	26,714	1,202	140,212	109,711
Southern Mallee	1,473	446	406	28	2,056	1,496
Streaky Bay	1,648	451	433	31	2,267	1,691
Tatiara	4,079	1,185	1,316	177	6,570	5,041
Tea Tree Gully	40,253	16,762	17,391	768	99,118	76,327
Tumby Bay	1,955	699	463	31	2,659	1,808
Unley	17,592	6,374	6,388	540	39,518	30,821
Victor Harbor	9,206	5,744	1,852	233	15,337	8,872
Wakefield	4,769	1,406	1,395	120	6,870	5,010
Walkerville	3,631	1,663	1,272	65	7,694	5,617
Wattle Range	8,079	2,261	2,099	76	11,258	8,561
West Torrens	27,892	10,158	8,858	624	59,312	45,379
Whyalla	11,285	3,710	4,255	193	22,582	17,533
Wudinna	929	181	328	25	1,269	940
Yankalilla	4,363	1,362	670	81	4,777	3,084
Yorke Peninsula	11,818	3,446	1,637	122	10,966	7,056
Total	808,361	294,857	297,450	20,874	1,701,014	1,294,535

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	124	0	124	0	0	0
Adelaide Hills	213	399	213	3	379	7
Adelaide Plains	90	70	90	35	641	130
Alexandrina	253	302	253	19	772	26
Barossa	154	198	154	10	542	71
Barunga West	34	39	34	7	747	97
Berri Barmera	70	204	70	1	119	76
Burnside	229	0	229	0	5	0
Campbelltown	255	0	255	0	0	0
Ceduna	43	35	43	4	1,377	257
Charles Sturt	577	0	577	1	0	0
Clare & Gilbert Valleys	78	158	78	12	1,397	188
Cleve	21	93	21	8	1,309	115
Cooper Pedy	27	3	27	27	101	263
Coorong	55	306	55	14	1,517	1
Copper Coast	175	100	175	42	502	131
Elliston	22	22	22	8	960	136
Flinders Ranges	24	16	24	8	878	336
Franklin Harbour	20	61	20	0	666	37
Gawler	148	30	148	2	16	2
Goyder	67	93	67	33	2,829	226
Grant	29	468	29	2	764	307
Holdfast Bay	172	0	172	0	0	0
Kangaroo Island	53	203	53	55	1,000	51
Karoonda East Murray	10	120	10	5	1,116	48
Kimba	12	88	12	10	970	636
Kingston	42	87	42	5	554	55
Light	81	97	81	20	1,203	55
Lower Eyre Peninsula	45	99	45	16	1,101	83
Loxton Waikerie	68	347	68	16	1,674	199
Marion	474	0	474	0	0	0
Mid Murray	80	255	80	28	2,057	976
Mitcham	386	17	386	0	0	1
Mount Barker	186	167	186	14	379	30
Mount Gambier	206	18	206	0	1	1
Mount Remarkable	27	83	27	14	1,510	433
Murray Bridge	148	299	148	7	501	22
Naracoorte Lucindale	72	408	72	5	1,096	36
Northern Areas	64	73	64	31	1,761	274
Norwood, Payneham & St Peters	160	0	160	0	0	0
Onkaparinga	1,038	247	1,038	6	185	3
Orroroo Carrieton	19	41	19	7	865	697
Peterborough	31	8	31	7	799	386
Playford	485	250	485	1	87	6
Port Adelaide Enfield	683	0	683	4	0	0
Port Augusta	142	53	142	26	98	92
Port Lincoln	144	7	144	3	3	2
Port Pirie	187	129	187	19	988	43
Prospect	87	0	87	0	0	0
Renmark Paringa	50	257	50	9	124	40
Robe	29	13	29	2	336	56
Roxby Downs	29	6	29	0	4	0
Salisbury	797	23	797	2	3	0
Southern Mallee	25	94	25	7	1,062	144
Streaky Bay	44	55	44	10	1,405	219
Tatiara	83	438	83	10	1,176	225
Tea Tree Gully	562	17	562	2	8	6
Tumby Bay	32	21	32	4	963	90
Unley	165	0	165	0	0	0
Victor Harbor	140	115	140	10	133	2
Wakefield	72	134	72	10	2,384	86
Walkerville	35	0	35	0	0	0
Wattle Range	147	395	147	30	1,312	554
West Torrens	290	0	290	0	0	0
Whyalla	202	20	202	5	52	3
Wudinna	18	71	18	15	1,264	321
Yankalilla	54	76	54	3	364	48
Yorke Peninsula	177	304	177	51	3,123	236
Total	10,760	7,731	10,760	705	47,182	8,570

Function:	Stormwater Drainage - Maintenance	Community Support	Jetties and Wharves	Public Order and Safety	Planning & Building Control	Bridges	Environment and Coastal Protection
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	Estimated Resident Population
Adelaide	22,375	21,270	0	24,257	1,305	11	23,615
Adelaide Hills	13,592	35,716	0	18,256	1,017	72	40,013
Adelaide Plains	2,909	8,795	0	5,049	337	4	8,806
Alexandrina	13,445	25,281	3	19,161	1,165	36	25,585
Barossa	9,587	22,439	0	13,126	783	62	23,410
Barunga West	1,622	2,535	0	2,971	104	0	2,453
Berri Barmera	4,882	11,343	4	6,655	174	0	10,350
Burnside	20,371	39,458	0	21,076	1,279	1	45,337
Campbelltown	22,349	49,914	0	23,555	1,246	30	51,983
Ceduna	1,603	3,894	3	2,666	149	0	3,743
Charles Sturt	54,784	113,192	0	57,198	3,254	3	114,677
Clare & Gilbert Valleys	3,797	8,943	0	7,354	315	29	9,059
Cleve	781	1,767	1	1,778	45	2	1,791
Coober Pedy	1,388	1,994	0	1,994	45	0	1,782
Coorong	2,273	5,801	3	5,042	162	0	5,516
Copper Coast	9,256	14,840	1	12,524	536	0	14,299
Elliston	606	1,064	1	1,569	9	0	1,056
Flinders Ranges	844	1,682	0	2,152	47	0	1,576
Franklin Harbour	744	1,264	1	1,300	68	1	1,211
Gawler	10,024	22,669	0	11,286	772	9	23,192
Goyder	1,712	4,428	0	4,993	107	10	4,213
Grant	2,463	7,976	0	5,855	244	1	8,326
Holdfast Bay	20,003	34,769	2	20,709	1,105	4	37,376
Kangaroo Island	2,767	4,638	1	5,944	170	32	4,635
Karoonda East Murray	328	1,022	0	1,488	27	0	991
Kimba	420	1,051	0	1,072	22	0	1,098
Kingston	1,405	2,427	1	2,864	87	0	2,369
Light	5,004	14,127	0	8,103	572	19	15,031
Lower Eyre Peninsula	2,187	4,957	3	4,372	252	2	5,072
Loxton Waikerie	5,004	11,968	1	8,863	320	0	11,396
Marion	41,458	86,928	0	43,082	2,389	3	89,777
Mid Murray	5,719	8,749	8	11,300	429	14	8,268
Mitcham	27,980	59,797	0	29,261	1,495	21	66,314
Mount Barker	12,570	30,428	0	16,294	1,485	173	33,117
Mount Gambier	13,549	27,943	0	14,594	445	1	26,317
Mount Remarkable	1,328	2,810	1	3,639	94	4	2,774
Murray Bridge	9,125	22,624	10	12,226	426	6	21,163
Naracoorte Lucindale	3,222	8,423	0	6,675	160	24	8,305
Northern Areas	1,953	4,550	0	4,679	148	18	4,454
Norwood, Payneham & St Peters	19,375	34,997	0	19,932	1,021	0	37,496
Onkaparinga	72,939	167,657	1	80,015	3,379	58	169,575
Orroroo Carrieton	406	851	0	1,657	27	0	854
Peterborough	1,054	2,015	0	1,924	32	9	1,696
Playford	35,201	96,257	0	40,808	1,796	21	89,676
Port Adelaide Enfield	58,919	127,809	0	63,443	3,278	1	125,083
Port Augusta	7,081	15,722	3	8,248	285	7	14,441
Port Lincoln	7,594	15,534	2	8,563	319	2	14,997
Port Pirie	8,583	19,283	5	11,151	360	6	17,345
Prospect	9,597	19,839	0	9,835	385	0	21,410
Renmark Paringa	3,951	9,932	1	5,861	207	3	9,117
Robe	1,505	1,393	1	2,682	98	1	1,424
Roxby Downs	1,969	4,469	0	2,128	34	0	4,985
Salisbury	57,591	144,343	0	60,745	2,832	22	140,212
Southern Mallee	768	2,074	0	1,982	54	0	2,056
Streaky Bay	1,080	2,275	1	2,672	97	0	2,267
Tatiara	2,444	6,654	0	5,101	118	16	6,570
Tea Tree Gully	40,880	94,170	0	43,020	2,180	6	99,118
Turnby Bay	1,285	2,709	2	2,518	82	4	2,659
Unley	18,517	35,177	0	18,891	635	8	39,518
Victor Harbor	8,902	15,327	1	10,898	538	31	15,337
Wakefield	2,636	7,208	1	5,936	205	24	6,870
Walkerville	3,810	6,703	0	3,986	317	0	7,694
Wattle Range	5,029	12,141	0	9,900	330	0	11,258
West Torrens	29,577	57,736	0	30,493	1,424	18	59,312
Whyalla	11,673	24,494	3	12,505	430	0	22,582
Wudinna	507	1,251	0	1,357	30	0	1,269
Yankalilla	3,529	4,714	0	5,791	322	35	4,777
Yorke Peninsula	9,282	11,539	12	15,199	747	0	10,966
Total	781,111	1,677,749	77	932,223	44,349	864	1,701,014

APPENDIX VI - 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.

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 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.
- *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.
- *April 2015* – the Commission revised its business rules applied to valuation data provided by the SA Land Services Group following the launch of the new South Australian Integrated Land Information System (SAILIS).
- *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.

- *July 2015* – the Commission made changes to its methodology for the 2015-16 grant recommendations, including the re-introduction of revenue and expenditure assessments for Libraries using estimated resident population as the unit of measure and updating the unit of measure for the Waste Management expenditure function to include the number of commercial (shop) properties in the calculations.
- *May 2016* – the Commission completed the first stage of a review of its Other Needs Assessment (Function 50), making a number of changes for the 2016-17 grant recommendations. Changes included the removal of the capital city status allowance for the City of Adelaide, removal of the allowance for duplicated facilities, the creation of a new expenditure function to account for the removal of the Environment and Coastal Protection allowances in Function 50 and the removal of the Cultural and Tourism allowance from Function 50 and the inclusion of its net expenditure in the updated Sport, Recreation and Culture expenditure function.
- *May 2017* – As part of the 2017-18 Federal Budget, the Australian Government lifted the “pause” on 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.
- *May 2017* – As part of the 2017-18 Federal Budget, the Australian Government reinstated the Supplementary Local Road Funding program to South Australia. The Supplementary Local Road Funding program will provide \$20 million per year during 2017-18 and 2018-19.
- *June 2017* - approximately half of the 2017-18 Financial Assistance Grants were brought forward by the Commonwealth and paid in 2016-17. Allocation of the early payment of the 2017-18 grants was based on the 2016-17 distribution.

APPENDIX VII – 2015-16 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 2015-16 General Information, Supplementary Returns and their Audited Financial Statements by the due date of 30 November 2016 and thereby facilitated the timely determination of grants.

1. Alexandrina
2. Barossa
3. Barunga West
4. Berri Barmera
5. Burnside
6. Campbelltown
7. Ceduna
8. Charles Sturt
9. Clare and Gilbert Valleys
10. Cleve
11. Elliston
12. Flinders Ranges
13. Franklin Harbour
14. Gawler
15. Goyder
16. Grant
17. Kangaroo Island
18. Karoonda East Murray
19. Kimba
20. Light Regional
21. Mount Barker
22. Mount Remarkable
23. Murray Bridge
24. Naracoorte Lucindale
25. Norwood, Payneham & St Peters
26. Onkaparinga
27. Playford
28. Port Augusta
29. Port Lincoln
30. Prospect
31. Robe
32. Roxby Downs
33. Salisbury
34. Southern Mallee
35. Tatiara
36. Tea Tree Gully
37. Tumby Bay
38. Unley
39. Victor Harbor
40. Wakefield Regional
41. Walkerville
42. Wattle Range
43. West Torrens
44. Whyalla
45. Wudinna
46. Yankalilla
47. Yorke Peninsula

APPENDIX VIII - Financial Statements 2016-17

SOUTH AUSTRALIAN LOCAL GOVERNMENT GRANTS COMMISSION

Financial Statements

For the Year Ended 30 June 2017

South Australian Local Government Grants Commission
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2017

	Note	2017	2016
	No	\$'000	\$'000
EXPENSES			
Employee benefit expenses	4	300	305
Supplies and services	5	88	81
Total Expenses		388	386
INCOME			
Interest revenue	6	22	45
Total Income		22	45
NET COST OF PROVIDING SERVICES		(366)	(341)
REVENUES FROM (PAYMENTS TO) SA GOVERNMENT			
Revenues from SA Government	7	478	428
Net Revenues from SA Government		478	428
Net Result		112	87
TOTAL COMPREHENSIVE RESULT		112	87

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

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

South Australian Local Government Grants Commission
STATEMENT OF FINANCIAL POSITION
as at 30 June 2017

	Note No	2017 \$'000	2016 \$'000
ASSETS			
CURRENT ASSETS			
Cash	8	1,238	1,112
Receivables	9	1	3
Total Current Assets		1,239	1,115
Total Assets		1,239	1,115
LIABILITIES			
CURRENT LIABILITIES			
Payables	10	15	13
Employee benefits	11	34	27
Total Current Liabilities		49	40
NON-CURRENT LIABILITIES			
Payables	10	11	11
Employee benefits	11	119	116
Total Non-Current Liabilities		130	127
Total Liabilities		179	167
NET ASSETS		1,060	948
EQUITY			
Retained earnings		1,060	948
Total Equity		1,060	948

Total equity is attributable to the SA Government as owner.

Unrecognised contractual commitments	12
Contingent assets and liabilities	13

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 2017

	Retained Earnings \$'000	Total Equity \$'000
Balance at 30 June 2015	861	861
Net result for 2015-16	87	87
Total Comprehensive Result for 2015-16	87	87
Balance at 30 June 2016	948	948
Net result for 2016-17	112	112
Total Comprehensive Result for 2016-17	112	112
Balance at 30 June 2017	1,060	1,060

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 2017

	Note No	2017 \$'000 Inflows (Outflows)	2016 \$'000 Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH OUTFLOWS:			
Employee benefit payments		(289)	(288)
Supplies and services		(87)	(81)
Cash used in Operations		(376)	(369)
CASH INFLOWS:			
Interest received		24	45
Cash generated from Operations		24	45
CASH FLOWS FROM SA GOVERNMENT:			
Receipts from SA Government		478	428
Cash Generated from SA Government		478	428
Net Cash provided by / (used in) Operating Activities		126	104
NET (DECREASE) / INCREASE IN CASH			
CASH AT 1 JULY		1,112	1,008
CASH AT 30 JUNE	8	1,238	1,112

SOUTH AUSTRALIAN LOCAL GOVERNMENT GRANTS COMMISSION

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

For the Year Ended 30 June 2017

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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 (Reduced Disclosure Requirements), and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

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

b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management 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.
- 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 commission member and remuneration information where a commission member is entitled to receive income from membership other than a direct out-of-pocket reimbursement be disclosed.

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

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 18.

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) 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.

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

e) Rounding

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

f) 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.

g) Current and non-current classification

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.

h) Liabilities

Employee Benefits

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

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

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

The annual leave liability and the skills and experience retention leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

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.

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.

i) 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

The Commission did not voluntarily change any of its accounting policies during 2016-17.

Note 4: Employee Benefit Expenses

	2017	2016
	\$'000	\$'000
Salaries and wages	186	187
Annual leave	20	19
Long service leave	8	9
Skills and experience retention leave	2	1
Employment on-costs	39	42
Commission fees	43	45
Other employee related expenses	2	2
Total Employee Benefits Expense	300	305

Targeted Voluntary Separation Packages (TVSPs)

No employees were paid TVSPs during the period 1 July 2016 to 30 June 2017.

Remuneration of employees

No employees received remuneration greater than the base executive remuneration level during the year.

Note 5: Supplies and Services

	2017	2016
	\$'000	\$'000
Supplies and Services		
Service Level Agreement	44	32
Information technology	23	24
Auditor's remuneration	11	10
Travel	2	7
Other	8	8
Total Supplies and Services	88	81

Note 6: Interest Revenue

	2017	2016
	\$'000	\$'000
Interest from the Department of Treasury and Finance	22	45
Total Interest Revenue	22	45

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

Note 7: Revenues from SA Government

	2017	2016
	\$'000	\$'000
Revenues from SA government	478	428
Total Revenues from SA Government	478	428

Revenues are recognised when the Commission obtains control over the funding. Control over revenues is normally upon receipt.

Note 8: Cash

	2017	2016
	\$'000	\$'000
Deposits at call with the Treasurer	1,238	1,112
Total Cash	1,238	1,112

Cash is measured at nominal amounts. Deposits at call 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.

Note 9: Receivables

	2017	2016
	\$'000	\$'000
Current:		
Accrued Interest on deposits	1	3
Total Current Receivables	1	3
Total Receivables	1	3

Note 10: Payables

	2017	2016
	\$'000	\$'000
Current:		
Accrued expenses	11	10
Employment on-costs	4	3
Total Current Payables	15	13
Non-Current:		
Employment on-costs	11	11
Total Non-Current Payables	11	11
Total Payables	26	24

Payables are measured at their nominal amount. Creditors and accruals are raised for amounts owing but unpaid. Sundry creditors are normally settled within 30 days from the date the invoice is first received.

Employment on-costs include payroll tax 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.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave remains unchanged from the 2016 rate of 40% and the average factor for the calculation of employer superannuation on-cost has changed from the 2016 rate of 10.2% to 10.1%. These rates are used in the employment on-cost calculation.

Note 11: Employee Benefits

	2017 \$'000	2016 \$'000
Current:		
Annual leave	15	12
Long service leave	11	11
Skills and experience retention leave	2	1
Accrued salaries and wages	6	3
Total Current Employee Benefits	34	27
Non-Current:		
Long service leave	119	116
Total Non-Current Employee Benefits	119	116
Total Employee Benefits	153	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 AASB 119 contains the calculation methodology for long service leave liability. The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave increased from 2% (2016) to 2.5% (2017).

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

The net financial effect of the changes to the actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$5,514 and employee benefit on-cost expense of \$510. This was offset by increases due to higher leave entitlement and the increase in the base salary leading to an overall increase. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions including 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 3% for annual leave and skills, experience and retention leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

Note 12: Unrecognised Contractual Commitments

No material commitments exist as at 30 June 2017.

Note 13: Contingent Assets and Liabilities

The Commission is not aware of any contingent assets or liabilities as at 30 June 2017.

Note 14: Financial Risk Management/Financial Instruments**Financial Risk Management**

The Commission's exposure to financial risk (liquidity, credit and market) is low due to the nature of the financial instruments held.

The Commission is funded principally from revenues from SA Government. The Commission works with the Department of Treasury and Finance to determine the cash flows associated with its Ministerial

approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

There have been no changes in risk exposure since the last reporting period.

Categorisation of financial instruments

All financial assets and liabilities are carried at cost and are current for 2017 and 2016.

Note 15: Remuneration of Commissioners

Members during the 2017 financial year were:

- Burgess D J (appointed 23/5/2017)
- Gascoigne C J (appointment ended 31/7/2016)
- Hutchinson L (appointment ended 1/4/2017)
- McEwen R J (appointed 1/8/2016)
- Patetsos M

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

	2017	2016
\$1 - \$9 999	2	-
\$10 000 - \$19 999	2	2
\$20 000 - \$29 999	1	1
Total number of members	5	3

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 \$48,000 (\$50,000).

Note 16: Related Party Transactions

The Commission is a statutory authority established pursuant to the *South Australian Local Government Grants Commission Act 1992* and is a wholly owned and controlled entity of the Crown.

Related parties of the Commission include all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

Key Management Personnel

Key management personnel of the Commission include the Minister for Local Government, the three Commission members and the Executive Officer who have responsibility for the strategic direction and management of the Commission.

Total compensation for the Commission's key management personnel was \$171,558. Salaries and other benefits the Minister for Local Government receives are excluded from this total. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*.

Transactions with Key Management Personnel and other related parties

There were no transactions with key management personnel and other related parties during the year.

Note 17: After Balance Date Events

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

Note 18: Disclosures of Administered Items

	2017 \$'000	2016 \$'000
Administered Commonwealth Revenues		
Commonwealth Financial Assistance Grants	229,453	76,570
Commonwealth Roads to Recovery Grants	9,843	11,975
Total Administered Revenues - Commonwealth receipts	239,296	88,545
Administered Commonwealth Expenditure Grants		
Commonwealth Financial Assistance Grants	229,453	76,570
Commonwealth Roads to Recovery Grants	10,042	11,776
Total Administered Expenses - Commonwealth payments	239,495	88,346
Administered Assets		
Cash	-	-
Receivables	-	199
Total Administered Assets	-	199
Administered Liabilities		
Accounts Payable	-	-
Total Administered Liabilities	-	-

South Australian Local Government Grants Commission CERTIFICATION OF THE FINANCIAL STATEMENTS

We certify that the:

- financial statements of the South Australian Local Government Grants Commission:
 - are in accordance with the accounts and records of the South Australian Local Government Grants Commission; and
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the South Australian Local Government Grants Commission at the end of the financial year and the result of its operations and cash flows for the financial year.
- Internal controls employed by the South Australian Local Government Grants Commission over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.



Mary Patetsos
Chair
South Australian Local Government
Grants Commission

29 September 2017



Alex Sgro
A/Executive Officer
South Australian Local Government
Grants Commission

29 September 2017

INDEPENDENT AUDITOR'S REPORT

Government of South Australia
Auditor-General's Department

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To the Chair
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 financial report of the South Australian Local Government Grants Commission for the financial year ended 30 June 2017.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the South Australian Local Government Grants Commission as at 30 June 2017, 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.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2017
- a Statement of Financial Position as at 30 June 2017
- a Statement of Changes in Equity for the year ended 30 June 2017
- a Statement of Cash Flows for the year ended 30 June 2017
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chair and the Acting Executive Officer.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the South Australian Local Government Grants Commission. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants have been met.

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

Responsibilities of the Acting Executive Officer and members of the South Australian Local Government Grants Commission for the financial report

The Acting Executive Officer is 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 the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

The members of the South Australian Local Government Grants Commission are responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

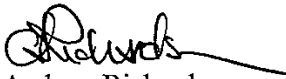
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Acting Executive Officer
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Acting Executive Officer and members of the South Australian Local Government Grants Commission regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson

Auditor-General

29 September 2017