



Local Government Grants Commission
South Australia

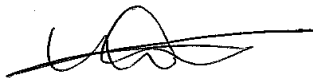
Annual Report
2011 - 12

The Hon Gail Gago MLC
Minister for State/Local Government Relations
Parliament House
ADELAIDE SA 5000

Dear Minister

As Chair of the South Australian Local Government Grants Commission appointed under the *South Australian Local Government Grants Commission Act 1992*, I have pleasure in presenting you with the Commission's Annual Report for 2011-12.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mary Patetsos', with a long horizontal line extending to the right.

Mary Patetsos
CHAIR

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CHAIR'S INTRODUCTION

The main function of the South Australian Local Government Grants Commission is to make recommendations to the Minister for State/Local Government Relations 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 2011-12, the Commission made recommendations on the distribution of Financial Assistance Grants for 2012-13 totalling over \$148 million. Of this, \$111 million was provided for general purpose grants and \$37 million provided for identified road grants. This represents an increase in general purpose grants from the previous year of 3.27 percent and an increase in identified road grants of 4.41 percent over the previous 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 more equitable and economically efficient method of allocating Commonwealth funding.

The Commission endeavours to continually improve its methodology in allocating funds to local governing authorities and work commenced during 2011-12 to commence a major review of the Commission's methodology, the first major, "all encompassing" review since 1996-97.

The Commission developed Terms of Reference designed to take a broad look at the overall methodology and will appoint a contractor to conduct the review using an open tender process.

In the interim, issues relating to the consistency of libraries data continued to concern the Commission, and the assessment of libraries on the Revenue and Expenditure sides of the Commission's calculations has again been removed for 2012-13 pending the major review.

In view of the conclusions of the investigations into the recent review of the effects of growth, the complexities of including traffic volumes, issues identified with airports and airstrips and further discussions with the Commonwealth Grants Commission on their distribution methodology, the Commission consider a full review timely. The review is expected to be completed during 2012-13. The existing methodology, although modified over time, has been in place since 1998-99.

The Commission recommended no council receive a decreased grant in 2012-13 greater than minus 5%, and increases in grant were capped at 12%. This approach has ensured that the outcomes of the expenditure review in 2006-07 were phased into the grant allocation process in the following years, which aims to minimise the impact on council budgetary processes.

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 can also 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 2011-12.

In 2010-11 further work was undertaken to ensure that the Commission's financial data collection form aligned with the sector's Model Financial Statements as they are updated each year. The Commission has worked closely with the Local Government Association of South Australia during 2011-12 to establish a data working group to provide continual improvement to the Supplementary Return and a greater level of assistance to Councils who experience difficulties in completing their Return.

Participants in the working group include representatives from the Commission, the Office for State/Local Government Relations, the Local Government Association, the SA Local Government Financial Management Group and the Australian Bureau of Statistics. A consultant with direct experience in the management of council finances has also been employed to provide workshops for council staff and a help desk service to assist with queries. This strategy has proved very beneficial to the process of improving data collected by the Commission.

The Commission's work is supported by resources provided by the Department of the Premier and Cabinet (DPC) and staff provided to the Commission are State Government Employees. The Commission continued to receive administrative support under the terms of a Service Level Agreement with DPC.

Staff committed to support the Commission include our Executive Officer, Peter Ilee and part-time Project Officer, Lyn Skouborg. Other staff are provided to the Commission by negotiation with the Department, as needed and Thi Le from DPC has provided valuable support in managing an upgrade of the Commission's database and the Supplementary Return.

The membership of the Commission has remained stable during the year with the terms of Commissioners Gascoigne and Ross not due to expire until 2013 and 2014 respectively.

In closing, I would like to acknowledge the efforts of Commissioners John Ross and Jane Gascoigne and thank Commission staff, Executive Officer Peter Ilee, Project Officer Lyn Skouborg and Thi Le from the Office for State/Local Government Relations for their contributions during the year.

MARY PATETSOS
CHAIR

CHAPTER 1 - THE COMMISSION

Membership

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

Members during 2011-12 were:

- Mary Patetsos, Chair from 11 August 2010 until 10 August 2015, joint nominee of the Local Government Association and Minister for State/Local Government Relations and a Commissioner since 2002;
- John Ross, Commissioner from 23 September 2010 until 22 September 2014, nominee of the Local Government Association and a Commissioner since 2005; and
- Jane Gascoigne, Commissioner from 1 August 2010 to 31 July 2013, nominee of the Minister for State/Local Government Relations.

For member profiles see *Appendix 1*.

Location

The Commission's offices are located on Level 7 Roma Mitchell House, 136 North Terrace, Adelaide. Telephone (08) 8204 8719, Fax (08) 8204 8735. E-mail: grants.commission@sa.gov.au

Staff

The Commission is provided with support by the Department of the Premier and Cabinet. The Commission has a dedicated full time Executive Officer, Peter Ilee and a part-time Project Officer, Lyn Skouborg.

Additional support for the Commission is provided as needed by the Department under the terms of a Service Level Agreement. Staff supporting the Commission are employees of the Department of the Premier and Cabinet. Thi Le, of the Department of the Premier and Cabinet has provided additional support to the Commission during 2011-12.

Purpose

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

Reporting Arrangements and Funding

Administratively, staff of the Commission report to the Director, Office for State/Local Government Relations (OSLGR).

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

Freedom of Information

The Commission's Executive Officer is the Principal Officer as defined in the *Freedom of Information Act 1991*. An appointment can be made by phoning (08) 8204 8719 during office hours.

No requests under the *Freedom of Information Act 1991* were received in 2011-12. In accordance with Section 9 of the Act an information statement is provided at *Appendix II*.

CHAPTER 2 - COMMISSION ACTIVITIES 2011-12

Grant Allocation

The total 2011-12 allocation of \$145,823,485 was reduced following the end of the financial year by \$2,896,639 after adjustment for CPI and population. This reduction will be passed on to councils in the four quarterly instalments during 2012-13. The actual allocation figure, which includes the adjusted 2011-12 allocations, is shown in *Appendix III*.

For 2012-13 the Commission made recommendations on the distribution of \$148,000,416 that included both the general financial assistance and identified local road grants. A full list of allocations is contained in *Chapter 6*.

The general financial assistance component was \$110,978,713, an increase of 3.27 percent on 2011-12. The identified local road component was \$37,021,703, an increase of 4.41 percent.

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

The Grants Commission also distributed approximately two quarters of the estimated 2012-13 Financial Assistance Grants during 2011-12 in accordance with a request from the Commonwealth. On 14 June 2012, \$75,424,000 was forwarded by the Grants Commission to local governing authorities in South Australia.

Methodology Review (ongoing refinement)

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

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

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

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

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

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

The revisions to the road length data (as at 30 June 2010) were used in the calculation of the 2011-12 financial assistance grants. An updated list of road lengths can be found in *Appendix VIII - Units of Measure - Expenditure*.

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

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

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

took into account four of the five factors the Commission believed were influencing councils' road reconstruction and maintenance costs.

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

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

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

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

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

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

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

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

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

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

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

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

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

In terms of growth within Local Government, the Commission consulted with a number of councils to gain an understanding of the impacts of growth, undertook an analysis of the use of growth within the methodologies of Grants Commissions in other jurisdictions and identified a number of options for modifying the Commissions 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 Councils 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 and a resultant negative standard cost. The Commission has resolved to undertake further work on this issue.

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

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

Finally, a review of the Sport and Recreation Expenditure Function following feedback received at council visits resulted in a change to the Unit of Measure (or cost driver) for this function. The Unit of Measure changed from the proportion of the councils population aged between 5 and 49 years to the proportion of councils 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 subsequently 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. A consultant will commence work on the review during the first half of 2012-13.

Information Collection and Storage

The Commission has forged a close relationship with the OSLGR to develop and maintain an electronic database for storing data relating to local government. This information is used by the Commission for calculating grants and by the Commission and the OSLGR 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 and the OSLGR includes:

- Rates information;
- Estimated Resident Population;
- Council Area Data;

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

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

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

During 2011-12, the Commission continued work with the OSLGR on the development of the new database for data collected by the Commission and the Department. A module for storage of the Supplementary Return data was completed during 2010-11 and further work to store data from the General Information Return and data from other sources is continuing.

The Commission also maintains a Geographical Information System, road centreline database, off site at Tonkin Consulting, which 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 ArcInfo. Each year, the Commission produces detailed hard copy maps and/or data files by council, prepared in a GIS format, consistently mapped across the State. GIS data is also available in other formats, e.g. MapInfo.

Council Visits

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

During 2011-12, the Commission continued with its visiting program. Commission members and staff attended 13 meetings at the councils listed below. The Minister for State/Local Government Relations accompanied the Commission on visits to Councils and Communities in August and November 2011. In addition to these meetings, the Commission's Executive Officer met with some Chief Executive Officers and Finance Managers to discuss methodological issues.

Visited in August 2011

The Flinders Ranges Council
 District Council of Mount Remarkable
 District Council of Orroroo/Carrieton
 District Council of Peterborough
 Port Augusta City Council

Visited in November 2011

Yalata Aboriginal Community
 District Council of Ceduna
 City of Whyalla
 Outback Communities Authority

Visited in March 2012

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

Special Local Roads Program and the Local Government Transport Advisory Panel

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

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

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

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

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

For 2012-13, \$5.553 million will be allocated to specific projects under the Financial Assistance Grants program, \$2.529 million under the Supplementary Local Road Funding Grant and \$4.260 million from the Special Projects component of the Roads to Recovery Grants. In total \$12.342 million will be allocated for 2012-13.

Local Roads Advisory Committee

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

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

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

Matters Referred By the Minister

Under Section 20 of the State Act, the Minister for State/Local Government Relations may refer matters to the Commission for report. There were no references to the Commission under this section during 2011-12.

The Year Ahead

The Commission endeavours to continually improve its methodology in allocating funds to local governing authorities. The Commission has commenced a major review of the current methodology over a two year period commencing in 2011-12.

The review proposes to undertake a review of both the revenue and expenditure assessments of the current methodology. This includes the following:

- Reviewing the current revenue assessments, including the use of use of property values;
- Reviewing the impact of the SEIFA (Socio Economic Index for Areas) Index from the Australian Bureau of Statistics in the current methodology;
- Investigating the impacts of fixed rates and variable charges on the revenue assessments;
- Investigating the impacts of water licensing on valuation data;
- Reviewing the current range of expenditure function calculations and their units of measure (cost driver) as a determinant of providing services;
- Reviewing the use of cost relativity indices in the methodology;

- Reviewing the weighting of individual expenditure function calculations on the overall assessment;
- Identifying the costs of services provided by Local Government that are not currently captured (or should no longer be captured) as part of the assessment process;
- Reviewing the current funding arrangements for the 5 Aboriginal Communities and the Outback Communities Authority; and
- Reviewing the distribution of the Identified Local Road Grants.

Working with the OSLGR, the Commission will continue to provide assistance to the development of its new database. Development of the database commenced in 2009-10 to provide a new platform for the Supplementary Return and was run in parallel with the old system for the 2009-10 data collection. From the 2010-11 data collection onwards, the Supplementary Return data was stored entirely on the new system and work commenced to put the same platform in place for the General Information Return and other data collected by the Commission. This work will continue into 2012-13.

Collection and dissemination of South Australia's Local Government Finance Statistics will again be a major focus in 2012-13. The Commission will continue to work with the data working group (LGA, Office for State/Local Government Relations, Local Government Financial Management Group and the Australian Bureau of Statistics) on standardising data collection forms and making the provision of information as easy as possible for councils.

The Commission formed a stronger collaborative relationship with the LGA during 2010-11 and 2011-12 and introduced a number of strategies to improve its data collection and reduce its reliance on the Australian Bureau of Statistics. This will continue into 2012-13.

Accurate road length data is an essential element in the grant calculations. Existing data stored on the Commission's offsite Geographical Information System (GIS) will continue to be refined in association with councils during the year. The Commission will offer the road length data to councils in either CD format or hard copy map.

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 2012-13 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 2012-13, with an increased focus on Metropolitan Councils. These sessions provide a unique opportunity to discuss the grant allocation process. The Commission values the chance to educate councils on methodology details, and to be educated on specific issues facing council.

CHAPTER 3 - LEGISLATIVE FRAMEWORK

Commonwealth Local Government (Financial Assistance) Act 1995

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

The Act provides for:

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

The Commission allocated the grants for 2012-13 in accordance with these principles.

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

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

The total level of grants to Local Government in 2012-13 has increased in line with estimated inflation and the underlying growth in Commonwealth General Purpose payments to the States.

Entitlements for all States for 2011-12 and for 2012-13 are set out in Tables 1 and 2.

TABLE 1 - Commonwealth General Purpose Financial Assistance for Local Government, State and Territory Entitlements 2011-12 and 2012-13

State	2011-12						
	Proportion (%)	Original Allocation (Estimate) (\$mill)	Brought Fwd Pmt Paid in 2010-11 (\$mill)	Revised Allocation (Estimate) (\$mill)	Adjustment (\$mill)	Brought Fwd Pmt from 2012-13 (\$mill)	Allocation Actual (\$mill)
New South Wales	32.36	482.36	120.28	362.07	(10.94)	249.61	471.41
Victoria	24.85	370.45	92.35	278.10	(10.25)	192.46	360.20
Queensland	20.24	301.71	75.24	226.47	(11.25)	156.98	290.46
Western Australia	10.31	153.65	38.29	115.36	(1.98)	80.80	151.67
South Australia	7.34	109.47	27.30	82.17	(2.00)	56.54	107.47
Tasmania	2.27	33.78	8.42	25.36	(0.10)	17.41	33.68
Northern Territory	1.02	15.26	3.82	11.45	(0.04)	7.89	15.22
Australian Capital Territory	1.61	23.98	5.96	18.02	(0.06)	12.53	23.92
TOTAL	100.00	1,490.65	371.66	1,119.00	(36.63)	774.23	1,454.03

State	2012-13					% change 11/12 to 12/13 (%)
	Proportion (%)	Allocation (Estimate) (\$mill)	Brought Fwd Pmt Paid in 2011-12 (\$mill)	Allocation Plus Brought Fwd Pmt (\$mill)	Cash Payment (\$mill)	
New South Wales	32.24	239.83	249.61	489.44	228.88	3.82
Victoria	24.83	184.46	192.46	376.92	174.21	4.64
Queensland	20.18	149.34	156.98	306.32	138.09	5.46
Western Australia	10.53	78.99	80.80	159.80	77.01	5.36
South Australia	7.31	54.43	56.54	110.98	52.43	3.27
Tasmania	2.26	16.93	17.41	34.35	16.83	1.99
Northern Territory	1.03	7.69	7.89	15.58	7.65	2.33
Australian Capital Territory	1.63	12.27	12.53	24.79	12.21	3.64
TOTAL	100.00	743.94	774.23	1,518.17	707.32	4.41

TABLE 2 - Commonwealth Identified Local Road Grants for Local Government, State and Territory Entitlements 2011-12 and 2012-13

State	2011-12						
	Proportion (%)	Original Allocation (Estimate) (\$mill)	Brought Fwd Pmt Paid in 2010-11 (\$mill)	Revised Allocation (Estimate) (\$mill)	Adjustment (\$mill)	Brought Fwd Pmt from 2012-13 (\$mill)	Allocation Actual (\$mill)
New South Wales	29.01	191.91	47.85	144.06	(4.71)	99.67	187.19
Victoria	20.62	136.37	34.00	102.37	(3.35)	70.83	133.02
Queensland	18.74	123.93	30.90	93.03	(3.04)	64.37	120.89
Western Australia	15.29	101.14	25.22	75.92	(2.48)	52.53	98.65
South Australia	5.50	36.35	9.06	27.29	(0.89)	18.88	35.46
Tasmania	5.30	35.05	8.74	26.31	(0.86)	18.21	34.19
Northern Territory	2.34	15.49	3.86	11.63	(0.38)	8.05	15.11
Australian Capital Territory	3.21	21.21	5.29	15.92	(0.52)	11.02	20.69
TOTAL	100.00	661.45	164.92	496.53	(16.25)	343.55	645.20

State	2012-13						% change 11/12 to 12/13 (%)
	Proportion (%)	Allocation (Estimate) (\$mill)	Brought Fwd Pmt Paid in 2011-12 (\$mill)	Allocation Plus Brought Fwd Pmt (\$mill)	Cash Payment (\$mill)		
New South Wales	29.01	95.77	99.67	195.45	91.06	4.41	
Victoria	20.62	68.06	70.83	138.88	64.71	4.41	
Queensland	18.74	61.85	64.37	126.22	58.81	4.41	
Western Australia	15.29	50.47	52.53	103.00	47.99	4.41	
South Australia	5.50	18.14	18.88	37.02	17.25	4.41	
Tasmania	5.30	17.49	18.21	35.70	16.63	4.41	
Northern Territory	2.34	7.73	8.05	15.78	7.35	4.42	
Australian Capital Territory	3.21	10.59	11.02	21.60	10.06	4.41	
TOTAL	100.00	330.11	343.55	673.66	313.86	4.41	

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 2012-13 allocations there were 68 councils, the Outback Communities Authority and five Aboriginal communities eligible for grants.

CHAPTER 4 - National Principles, General Purpose & Road Grants

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

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

General Purpose National Principles

(i) Horizontal Equalisation

The equalisation component of the Financial Assistance Grants will be allocated to local governing bodies, as far as practicable, on a full horizontal equalisation basis as defined by the *Local Government (Financial Assistance) Act, 1995*. This is a basis that ensures that each local governing body in the State/Territory is able to function by reasonable effort, at a standard not lower than the average standard of other local governing bodies in the State. It takes account of differences in the expenditure required by those local governing bodies in the performance of their function and in the capacity of those local governing bodies to raise revenue.

(ii) Effort Neutrality

An effort or policy neutral approach will be used in assessing expenditure requirements and revenue raising capacity of each local governing body. This means as far as practicable, policies of individual local governing bodies in terms of expenditure and revenue effort will not affect the grant determination.

(iii) Minimum Grant

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

(iv) Other Grant Support

Other relevant grant support provided to local governing bodies to meet any of the expenditure needs assessed should be taken into account using an inclusion approach.

(v) Aboriginal Peoples and Torres Strait Islanders

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

(vi) Council Amalgamation

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

Identified Road Component National Principle

(vii) Identified Road Component

The identified road component of the Financial Assistance Grants should be allocated to local governing bodies as far as practicable on the basis of the relative needs of each local governing body for roads expenditure and to preserve its road assets. In assessing roads needs relevant considerations include length, type and usage of roads in each local governing area.

CHAPTER 5 - METHODOLOGY

General Purpose Grant

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

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

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

Formulae

General financial assistance

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

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

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

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

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

G = council's calculated relative need assessment

P = population

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

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

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

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

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

The raw grants, calculated for all functions using the above formulae, both on the revenue and expenditure sides, are then totalled to give each council's total raw grant figure. Any council whose raw calculation per head is less than the per capita figure, (\$20.10 for 2012-13), 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 2012-13 grants, the Commission constrained changes to councils between positive 12% and minus 5%. An iterative process is then undertaken until the full allocation is determined.

Component Revenue Grants

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

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

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

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

Subsidies

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

Component Expenditure Grants

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

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

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

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

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

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

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

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

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

2 Includes both construction and maintenance activities.

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

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

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

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

Summary of figures by function

Total Population = 1656299

Function	Standard in Dollars	Unit of Measure per Capita	Total Units of Measure	Unit of Measure
Expenditure Functions				
Waste Management	155.51	0.40855	667,992	No of residential properties
Aged Care Services	117.50	0.15653	255,940	Population aged more than 65
Services To Families And Children	46.62	0.17819	291,349	Population aged 0 to 14
Health Inspection	296.10	0.01219	19,923	Establishments to inspect
Libraries	-	-	-	Number of visitors
Sport and Recreation	118.25	0.78334	1,280,792	Population aged 5 to 49
Sealed Roads - Built Up	8,632.13	0.00640	10,462	Kilometres of sealed builtup
Sealed Roads - Non Built Up	8,632.13	0.00452	7,390	Kilometres of sealed non-builtup
Sealed Roads - Footpaths etc	11,329.01	0.00640	10,462	Kilometres of sealed builtup
Unsealed Roads - Built Up	1,478.89	0.00045	733	Kilometres of formed and surfaced, and natural surface formed builtup road
Unsealed Roads - Non Built Up	1,478.89	0.02870	46,928	Kilometres of formed and surfaced, and natural surface formed non-builtup road
Roads - Unformed	205.24	0.00552	9,019	Kilometres of natural surfaced unformed road
Stormwater Drainage - Maintenance	57.81	0.44116	721,315	No of urban, industrial and commercial properties including exempt
Community Support	33.75	0.99981	1,634,725	3yr average population * SEIFA Advantage Disadvantage CRI
Jetties and Wharves	13,109.82	0.00003	48	Number of jetties and wharves
Public Order and Safety	18.00	0.56191	918,753	Total no of properties
Planning And Building Control	945.76	0.03068	50,162	No of new developments and additions
Bridges	5,471.24	0.00054	887	Number of bridges
Other Special Needs	1.00	27.76339	45,394,300	Total of dollars attributed
Revenue Functions				
Rates - residential	0.0030	144,282	234,936,893,238	Valuation of residential
- commercial	0.0056	18,331	29,971,270,109	Valuation of commercial
- industrial	0.0086	2,779	4,544,339,970	Valuation of industrial
- rural	0.0029	20,014	32,362,404,608	Valuation of rural
- other	0.0022	10,047	16,428,050,139	Valuation of other
Subsidies	1.00	18.88938	30,884,924	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, (\$20.10 for 2012-13), 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 2012-13 grants, the Commission constrained changes between positive 12% and minus 5%. An iterative process is then undertaken until the full allocation is determined.

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 2012-13 per capita general purpose grant is \$405.88.

General purpose grants for the Authority increased by a dollar value of \$100,000 for 2012-13, equating to an increase of 7.48%. The increase resulted from the Commission's assessment of the Authority's submission for additional funding based on increased service need following its commencement.

The Commission have provided a one-off increase in grants to the Authority pending a more substantial review of their need for assistance as part of the methodology review.

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 per capita grants were established. Grants have gradually been increased since the initial study. For 2012-13 the per capita grant varied from \$396.07 for Nipapanha Community to \$1,503.43 for Yalata Community.

CHAPTER 6 – GRANT ALLOCATIONS FOR 2012-13

Local Government Authority	Population as at 30-Jun-11	General Purpose Grant (\$)	Identified Road Grant (\$)	Special Local Road Grant (\$)	Total Estimated Grant (\$)
Adelaide	20,048	402,965	218,050	230,000	851,015
Adelaide Hills	40,384	811,718	672,614		1,484,332
Alexandrina	24,171	608,495	525,912		1,134,407
Barossa	23,131	489,518	431,690		921,208
Barunga West	2,581	360,048	183,216		543,264
Berri Barmera	11,279	2,339,912	208,455		2,548,367
Burnside	44,424	892,922	448,360		1,341,282
Campbelltown	49,847	1,001,925	496,044	160,000	1,657,969
Ceduna	3,828	2,118,044	417,388		2,535,432
Charles Sturt	109,364	2,198,216	1,099,484		3,297,700
Clare & Gilbert Valleys	8,962	487,670	362,390		850,060
Cleve	1,889	941,742	335,826	500,000	1,777,568
Cooper Pedy	1,933	834,334	44,803		879,137
Coorong	5,813	2,252,368	624,216		2,876,584
Copper Coast	13,221	1,552,549	288,920		1,841,469
Elliston	1,153	744,855	385,463		1,130,318
Flinders Ranges	1,812	1,192,457	283,003	763,000	2,238,460
Franklin Harbour	1,364	1,054,831	241,309		1,296,140
Gawler	21,171	1,093,611	273,347	79,000	1,445,958
Goyder	4,256	2,625,398	634,959		3,260,357
Grant	8,314	881,087	316,456	94,000	1,291,543
Holdfast Bay	36,045	724,505	347,779		1,072,284
Kangaroo Island	4,666	1,345,881	373,417		1,719,298
Karoonda East Murray	1,161	1,127,032	320,145		1,447,177
Kimba	1,131	993,684	284,496		1,278,180
Kingston	2,477	564,109	236,595	80,000	880,704
Light	14,182	285,058	381,724		666,782
Lower Eyre Peninsula	5,008	436,070	384,577		820,647
Loxton Waikerie	12,069	3,443,024	694,210		4,137,234
Mallala	8,575	1,021,698	234,586	215,000	1,471,284
Marion	85,904	1,726,670	883,782		2,610,452
Mid Murray	8,606	3,068,144	610,085		3,678,229
Mitcham	65,899	1,324,570	707,119	374,000	2,405,689
Mount Barker	31,068	624,467	503,241		1,127,708
Mount Gambier	26,206	2,023,649	367,376		2,391,025
Mount Remarkable	2,998	1,675,438	344,113		2,019,551

Local Government Authority	Population as at 30-Jun-11	General Purpose Grant (\$)	Identified Road Grant (\$)	Special Local Road Grant (\$)	Total Estimated Grant (\$)
Murray Bridge	19,724	2,990,943	429,834		3,420,777
Naracoorte Lucindale	8,575	2,028,700	455,609		2,484,309
Northern Areas	4,827	1,306,567	380,930		1,687,497
Norwood, Payneham & St. Peters	36,603	735,720	340,466		1,076,186
Onkaparinga	164,800	5,792,271	2,175,675	420,000	8,387,946
Orroroo Carrieton	932	896,870	240,214		1,137,084
Peterborough	1,964	1,317,934	232,873		1,550,807
Playford	82,219	8,128,410	1,147,618	395,000	9,671,028
Port Adelaide Enfield	114,783	2,307,138	1,214,465		3,521,603
Port Augusta	14,725	2,750,500	273,004		3,023,504
Port Lincoln	14,739	1,011,462	210,573		1,222,035
Port Pirie	18,169	3,940,829	408,851		4,349,680
Prospect	21,064	423,386	191,487		614,873
Renmark Paringa	9,834	2,479,965	210,796		2,690,761
Robe	1,505	30,251	102,675	204,000	336,926
Roxby Downs	4,479	90,028	67,061		157,089
Salisbury	134,042	6,843,739	1,419,559		8,263,298
Southern Mallee	2,147	1,079,307	378,377		1,457,684
Streaky Bay	2,197	1,485,738	433,843	554,000	2,473,581
Tatiara	7,173	2,164,998	530,413	336,000	3,031,411
Tea Tree Gully	100,474	2,019,527	1,064,503		3,084,030
Tumby Bay	2,786	551,623	247,813		799,436
Unley	38,747	778,815	356,318		1,135,133
Victor Harbor	14,219	285,802	241,136		526,938
Wakefield	6,908	1,629,950	473,796		2,103,746
Walkerville	7,422	149,182	71,437		220,619
Wattle Range	12,512	1,716,342	517,586		2,233,928
West Torrens	56,346	1,132,555	562,284	750,000	2,444,839
Whyalla	23,243	3,987,367	376,012		4,363,379
Wudinna	1,370	1,261,303	371,154		1,632,457
Yankalilla	4,639	112,964	142,250	399,000	654,214
Yorke Peninsula	11,795	1,438,264	768,928		2,207,192
Outback Communities Authority	3,542	1,437,631			1,437,631
Anangu Pitjantjatjara Yankunytjatjara	2,493	1,091,666	139,149		1,230,815
Gerard Cty Council	81	42,604	18,539		61,143
Maralinga Tjarutja	110	89,019	49,784		138,803
Nipapanha Community Inc.	69	27,329	18,459		45,788
Yalata Community Inc.	102	153,350	40,082		193,432
STATE TOTAL	1,656,299	110,978,713	31,468,703	5,553,000	148,000,416

APPENDIX I - Member profiles

Mary Patetsos BSW Grad Dip Sociology, JP

Commissioner of the Local Government Grants Commission since 2002 and Commission Chair since 2010. Current positions include Director ACH Group since 2009; Board Member SA Housing Trust, 2005, including Chair of Housing Audit and Finance Committees and Chair of Local Government Disaster Fund. She is a member SA Health Performance Council and the National Housing Supply Council since 2010. Mary is also a Director on numerous not for profit Boards including Director for Common Ground Adelaide and Power Community Limited and Chair of the Robinson Foundation, University of Adelaide and Chair of the FECCA Healthy Ageing Reference Committee

John Ross, Cr

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

Jane Gascoigne, BBus BEd

Commissioner of the SA Local Government Grants Commission since 2010. Currently, 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.

APPENDIX II - Freedom of Information Act 1991

Statement Section 9

Structure and functions of the Commission

Refer Chapter 1 of this report.

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

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

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

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

Categories of documents

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

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

Information is stored both electronically and on hard copy.

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

Facilities for access and initial contact point

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

	The Executive Officer
	Local Government Grants Commission
	Level 7, Roma Mitchell House
	136 North Terrace
	ADELAIDE SA 5000
Postal Address	GPO Box 1815
	ADELAIDE SA 5001
Telephone	(08) 8204 8719
Fax	(08) 8204 8735
E-mail	Grants.Commission@sa.gov.au

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

APPENDIX III - Final allocations for 2011-12

Local Government Authority	2011-12 Actual General Purpose Grant \$	2011-12 Actual Road Grant \$	2011-12 Special Road Grant \$	2011-12 Total Actual Grant \$
Adelaide	389,658	208,387		598,045
Adelaide Hills	785,590	640,682		1,426,272
Alexandrina	553,177	499,719		1,052,897
Barossa	449,099	410,442		859,541
Barunga West	347,863	179,397		527,260
Berri Barmera	2,233,020	198,093		2,431,113
Burnside	871,399	430,486		1,301,885
Campbelltown	974,656	475,113		1,449,768
Ceduna	2,120,430	398,715		2,519,145
Charles Sturt	2,123,790	1,047,171		3,170,960
Clare & Gilbert Valleys	435,419	345,529		780,948
Cleve	935,355	321,130	443,000	1,699,485
Cooper Pedy	817,911	42,825		860,736
Coorong	2,104,585	595,915		2,700,500
Copper Coast	1,600,566	275,784	12,000	1,888,350
Elliston	726,315	368,167		1,094,482
Flinders Ranges	1,130,489	270,106	681,000	2,081,595
Franklin Harbour	967,735	230,569		1,198,303
Gawler	1,003,313	259,944		1,263,257
Goyder	2,477,820	606,957		3,084,777
Grant	808,337	303,648	116,000	1,227,985
Holdfast Bay	704,251	333,167		1,037,417
Kangaroo Island	1,345,881	356,775	647,000	2,349,655
Karoonda East Murray	1,143,412	305,916		1,449,328
Kimba	939,061	271,759		1,210,820
Kingston	572,699	226,065		798,764
Light	274,148	362,557		636,705
Lower Eyre Peninsula	400,064	366,338		766,402
Loxton Waikerie	3,210,388	663,617	618,000	4,492,005
Mallala	955,799	223,964	188,000	1,367,763
Marion	1,674,181	845,093		2,519,274
Mid Murray	3,018,307	582,911		3,601,219
Mitcham	1,287,856	677,663		1,965,518
Mount Barker	598,720	475,261	1,100,000	2,173,981
Mount Gambier	1,856,559	349,305	208,000	2,413,863
Mount Remarkable	1,565,375	328,360		1,893,735

Local Government Authority	2011-12 Actual General Purpose Grant \$	2011-12 Actual Road Grant \$	2011-12 Special Road Grant \$	2011-12 Total Actual Grant \$
Murray Bridge	3,024,924	409,735		3,434,659
Naracoorte Lucindale	1,861,193	434,968		2,296,161
Northern Areas	1,198,685	364,219		1,562,904
Norwood, Payneham & St Peters	715,523	324,480		1,040,004
Onkaparinga	5,880,478	2,067,950		7,948,429
Orroroo Carrieton	822,817	229,425	375,000	1,427,241
Peterborough	1,274,348	222,545		1,496,894
Playford	7,556,270	1,079,515	518,000	9,153,786
Port Adelaide Enfield	2,220,341	1,155,600		3,375,942
Port Augusta	2,792,386	262,232		3,054,618
Port Lincoln	927,946	201,709		1,129,656
Port Pirie	4,000,842	392,479		4,393,321
Prospect	413,752	184,004		597,756
Renmark Paringa	2,310,772	202,614		2,513,387
Robe	29,446	98,090		127,536
Roxby Downs	87,789	64,266		152,055
Salisbury	7,203,936	1,326,533		8,530,469
Southern Mallee	1,064,888	361,754		1,426,642
Streaky Bay	1,363,062	414,287	474,000	2,251,350
Tatiara	1,986,237	507,156		2,493,393
Tea Tree Gully	1,972,071	1,023,051		2,995,122
Tumby Bay	532,370	236,331		768,702
Unley	760,006	342,100	73,000	1,175,106
Victor Harbor	273,894	227,387		501,281
Wakefield	1,495,367	452,140		1,947,507
Walkerville	145,230	68,515		213,745
Wattle Range	1,560,311	496,292		2,056,604
West Torrens	1,101,163	538,776		1,639,939
Whyalla	4,048,088	359,951		4,408,039
Wudinna	1,280,511	354,974		1,635,485
Yankalilla	103,637	136,310		239,947
Yorke Peninsula	1,359,955	734,670		2,094,625
				-
Outback Communities Authority	1,337,631			1,337,631
Anangu Pitjantjatjara Yankunytjatjara	1,057,099	132,678		1,189,778
Gerard Cty Council	41,255	17,677		58,932
Maralinga Tjarutja	86,201	47,469		133,669
Nipapanha Community Inc.	26,464	17,600		44,064
Yalata Community Inc.	148,494	38,218		186,712
STATE TOTAL	107,468,613	30,005,233	5,453,000	142,926,846

APPENDIX IV - Road lengths by council by surface type at 30 June 2011

(Road length data includes laneways)

Council name	Sealed	Formed	Unformed	TOTAL
Adelaide	127	0	0	127
Adelaide Hills	610	471	9	1,090
Alexandrina	544	774	24	1,342
Barossa	340	557	71	968
Barunga West	72	762	108	942
Berri Barmera	261	129	38	428
Burnside	234	5	0	239
Campbelltown	254	0	0	254
Ceduna	77	1381	257	1,715
Charles Sturt	572	1	0	573
Clare & Gilbert Valleys	218	1421	187	1,826
Cleve	72	1207	116	1,396
Cooper Pedy	29	129	263	421
Coorong	345	1542	1	1,888
Copper Coast	276	548	131	955
Elliston	44	967	136	1,148
Flinders Ranges	22	903	336	1,262
Franklin Harbour	87	811	37	935
Gawler	163	20	2	185
Goyder	155	2867	226	3,248
Grant	464	802	315	1,581
Holdfast Bay	178	1	0	179
Kangaroo Island	249	1062	51	1,362
Karoonda East Murray	104	1147	48	1,299
Kimba	83	997	636	1,716
Kingston	126	558	60	744
Light	169	1231	57	1,458
Lower Eyre Peninsula	136	1117	83	1,336
Loxton Waikerie	409	1707	200	2,316
Mallala	136	685	136	957
Marion	471	0	0	472
Mid Murray	342	2058	984	3,385
Mitcham	396	5	2	404
Mount Barker	339	361	30	730
Mount Gambier	214	3	1	219
Mount Remarkable	94	1537	432	2,064

Council name	TOTAL			
Murray Bridge	415	537	21	974
Naracoorte Lucindale	488	1086	41	1,614
Northern Areas	134	1789	274	2,197
Norwood, Payneham & St. Peters	172	0	0	172
Onkaparinga	1264	190	3	1,456
Orroroo Carrieton	45	886	696	1,628
Peterborough	40	805	385	1,230
Playford	701	96	6	803
Port Adelaide Enfield	665	4	0	669
Port Augusta	192	125	92	409
Port Lincoln	149	6	2	158
Port Pirie	330	633	212	1,175
Prospect	90	0	0	90
Renmark Paringa	307	138	51	496
Robe	42	337	56	435
Roxby Downs	34	4	0	39
Salisbury	777	6	0	783
Southern Mallee	115	1077	144	1,336
Streaky Bay	79	1435	219	1,733
Tatiara	513	1194	225	1,932
Tea Tree Gully	578	10	6	594
Tumby Bay	52	963	95	1,109
Unley	170	0	0	170
Victor Harbor	246	134	2	383
Wakefield	191	2178	313	2,681
Walkerville	36	0	0	36
Wattle Range	512	1389	559	2,460
West Torrens	292	0	0	292
Whyalla	220	126	3	349
Wudinna	81	1267	350	1,698
Yankalilla	129	367	48	543
Yorke Peninsula	462	3190	236	3,887
TOTAL	17,933	47,743	9,019	74,695

APPENDIX V –Cost Relativity Indices - 2012-13 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	1.00	0.97
Adelaide Hills	1.04	1.07	1.17	1.08	1.14	0.92	1.03
Alexandrina	0.91	0.98	1.02	1.03	1.04	0.91	1.01
Barossa	1.00	1.03	1.03	1.03	1.05	0.92	1.08
Barunga West	0.87	0.92	0.98	0.98	1.00	0.90	1.02
Berri Barmera	1.05	0.99	1.00	1.05	1.05	0.92	1.05
Burnside	1.14	0.96	0.99	0.93	0.90	0.96	1.01
Campbelltown	1.24	0.96	1.00	1.00	1.00	0.95	1.01
Ceduna	0.89	0.95	1.01	1.01	1.00	0.90	1.12
Charles Sturt	0.93	0.97	1.00	1.00	1.00	1.08	0.97
Clare & Gilbert Valleys	1.02	0.98	0.99	1.00	1.04	0.92	1.10
Cleve	0.87	0.92	0.98	0.98	1.00	0.94	0.98
Coober Pedy	0.90	0.94	0.98	0.98	1.00	0.84	1.12
Coorong	0.90	0.95	1.00	1.00	1.02	0.95	1.11
Copper Coast	0.87	0.92	0.98	0.98	1.00	0.92	1.01
Ellistown	0.84	0.83	0.96	0.95	0.92	0.94	1.31
Flinders Ranges	0.87	1.04	0.97	0.94	0.92	0.87	1.09
Franklin Harbour	0.87	0.92	0.99	0.98	1.00	0.93	1.05
Gawler	0.90	1.00	1.01	1.04	1.11	0.98	1.01
Goyder	0.89	0.91	0.99	0.99	1.00	0.89	1.12
Grant	0.88	0.87	0.98	0.94	0.93	0.96	1.09
Holdfast Bay	1.09	0.98	1.00	1.00	1.00	1.07	0.97
Kangaroo Island	0.94	0.99	1.00	1.03	0.99	0.91	1.17
Karoonda East Murray	0.87	0.90	0.98	0.98	0.99	0.87	1.26
Kimba	0.87	0.93	0.98	0.99	1.00	0.92	1.05
Kingston	1.03	1.03	1.00	0.96	1.06	0.95	1.05
Light	0.85	0.94	0.98	0.99	1.02	0.98	1.09
Lower Eyre Peninsula	0.91	0.95	0.98	0.99	1.00	0.95	1.18
Loxton Waikerie	0.88	0.98	0.98	0.99	0.98	0.90	1.14
Mallala	0.84	0.90	0.98	0.98	1.00	0.95	1.14
Marion	1.08	0.96	0.98	0.98	1.00	0.98	0.98
Mid Murray	1.05	1.08	1.09	1.03	1.02	0.88	1.05
Mitcham	1.11	0.99	0.94	0.98	1.01	0.96	0.98
Mount Barker	0.96	0.99	0.98	1.00	1.03	1.00	1.06
Mount Gambier	0.81	0.79	0.99	0.89	0.90	1.00	0.98
Mount Remarkable	0.88	0.93	0.99	0.99	0.99	0.87	1.17
Murray Bridge	0.86	1.01	1.00	1.01	1.03	0.98	1.06
Naracoorte Lucindale	0.96	1.11	1.03	1.07	1.18	0.95	1.05
Northern Areas	0.88	0.92	1.01	1.01	1.01	0.91	1.12
Norwood, Payneham & St Peters	1.19	0.96	1.00	1.00	1.00	0.95	0.98
Onkaparinga	1.00	1.04	0.99	1.02	1.06	0.99	0.99
Orroroo Carrieton	0.87	0.90	0.98	0.97	0.96	0.85	1.18
Peterborough	0.88	0.91	1.00	1.00	0.96	0.89	1.01
Playford	1.10	1.03	1.07	1.01	1.05	1.08	0.97
Port Adelaide Enfield	1.05	0.97	1.19	1.00	1.00	1.15	0.98
Port Augusta	0.87	0.90	0.98	0.98	1.00	0.92	0.98
Port Lincoln	0.78	0.90	0.95	0.99	0.95	0.98	1.00
Port Pirie	0.88	0.91	1.00	1.01	1.00	1.07	0.99
Prospect	0.97	0.97	1.00	1.00	1.00	0.99	0.98
Renmark Paringa	1.22	1.20	1.21	1.08	1.09	0.99	0.99
Robe	0.98	0.94	0.98	1.04	1.07	0.94	1.02
Roxby Downs	0.88	0.90	0.99	0.98	1.00	0.91	0.97
Salisbury	1.05	0.96	1.12	1.05	1.00	1.01	0.98
Southern Mallee	0.88	0.95	1.01	1.00	0.97	0.90	1.10
Streaky Bay	0.76	0.82	0.95	0.95	0.96	0.90	1.02
Tatiara	1.06	1.07	1.15	1.04	1.05	0.92	0.99
Tea Tree Gully	1.08	1.07	1.07	1.01	1.08	0.96	0.98
Tumby Bay	0.88	0.93	1.01	1.01	1.00	0.94	1.07
Unley	1.26	0.97	1.00	1.00	1.00	0.98	0.98
Victor Harbor	0.88	0.95	0.94	0.98	0.92	1.00	1.04
Wakefield	0.88	0.90	1.00	1.01	1.00	0.92	1.07
Walkerville	1.06	0.96	1.00	1.00	1.00	0.97	0.97
Wattle Range	0.98	1.15	1.00	1.04	1.11	0.99	1.13
West Torrens	0.94	0.97	1.00	1.00	1.00	1.07	0.98
Whyalla	0.84	0.89	1.00	1.01	1.00	0.99	0.99
Wudinna	0.88	0.92	1.00	0.98	0.99	0.88	1.03
Yankalilla	0.99	1.08	0.99	1.02	1.05	0.99	1.02
Yorke Peninsula	0.87	0.89	0.99	0.99	0.97	0.95	1.09

APPENDIX VI – Revenue relativity index – 2012-13 Financial Assistance Grants

	SEIFA Index of Economic-Resources	Converted to be centred around 1
Adelaide	951.11	0.973417
Adelaide Hills	1069.99	1.095085
Alexandrina	988.1	1.011275
Barossa	1021.27	1.045223
Barunga West	967.33	0.990017
Berri Barmera	947.31	0.969528
Burnside	1065.01	1.089988
Campbelltown	990.31	1.013536
Ceduna	920.64	0.942232
Charles Sturt	952.64	0.974983
Clare & Gilbert Valleys	993.95	1.017262
Cleve	1010.93	1.034640
Cooper Pedy	894.23	0.915203
Coorong	962.75	0.985330
Copper Coast	936.8	0.958771
Elliston	995.54	1.018889
Flinders Ranges	939.05	0.961074
Franklin Harbour	991.4	1.014652
Gawler	970.07	0.992822
Goyder	967.07	0.989751
Grant	1044.65	1.069151
Holdfast Bay	997.53	1.020926
Kangaroo Island	981.13	1.004141
Karoonda East Murray	999.18	1.022614
Kimba	1016.05	1.039880
Kingston	981.58	1.004602
Light	1043.81	1.068291
Lower Eyre Peninsula	1003.64	1.027179
Loxton Waikerie	968.68	0.991399
Mallala	1027.89	1.051998
Marion	964.74	0.987367
Mid Murray	954.92	0.977316
Mitcham	1038.94	1.063307
Mount Barker	1016.11	1.039941
Mount Gambier	929.33	0.951126
Mount Remarkable	982.3	1.005339
Murray Bridge	928.11	0.949878
Naracoorte Lucindale	995.36	1.018705
Northern Areas	966.66	0.989332
Norwood, Payneham & St Peters	981.1	1.004110
Onkaparinga	985.26	1.008368
Orroroo Carrieton	979.27	1.002237
Peterborough	867.29	0.887631
Playford	910.3	0.931650
Port Adelaide Enfield	909	0.930319
Port Augusta	898.93	0.920013
Port Lincoln	941.06	0.963131
Port Pirie	903.01	0.924189
Prospect	999.75	1.023198
Renmark Paringa	955.91	0.978330
Robe	1014.07	1.037854
Roxby Downs	1075.47	1.100694
Salisbury	960.02	0.982536
Southern Mallee	1000.9	1.024375
Streaky Bay	959.79	0.982301
Tatiara	1008.23	1.031877
Tea Tree Gully	1017.72	1.041589
Tumby Bay	985.66	1.008777
Unley	1025.68	1.049736
Victor Harbor	974.8	0.997663
Wakefield	979.23	1.002197
Walkerville	1039.27	1.063645
Wattle Range	964.48	0.987101
West Torrens	950.11	0.972394
Whyalla	868.22	0.888583
Wudinna	970.6	0.993364
Yankalilla	985.05	1.008153
Yorke Peninsula	955.41	0.977818

APPENDIX VII– Revenue Units of Measure by function -
Valuation per capita (incorporating the SEIFA index of Economic Resources)

Data sourced from Valuer General as at January each year (data from 2010, 2011 and 2012 averaged)

Unit of Measure :	Residential	Commercial	Industrial	Rural	Other
Adelaide	227,237	322,960	934	1	81,310
Adelaide Hills	163,765	5,258	614	45,117	6,679
Alexandrina	166,504	6,770	1,403	65,309	22,759
Barossa	111,945	10,442	10,056	49,328	8,477
Barunga West	123,018	5,385	1,452	213,980	7,788
Berri Barmera	63,376	9,239	2,246	19,221	7,073
Burnside	307,745	18,863	179	121	10,818
Campbelltown	170,570	6,274	574	94	9,432
Ceduna	67,747	12,767	518	20,337	10,595
Charles Sturt	175,543	19,294	3,221	19	8,305
Clare & Gilbert Valleys	84,209	11,420	1,627	153,442	7,941
Cleve	65,980	13,494	36	156,769	5,638
Coober Pedy	52,490	15,913	40	-	4,035
Coorong	53,941	5,260	385	151,654	8,053
Copper Coast	154,718	13,031	806	25,650	31,452
Elliston	94,848	10,018	121	169,796	13,469
Flinders Ranges	65,950	5,991	332	44,282	9,095
Franklin Harbour	95,543	8,518	428	73,526	17,389
Gawler	109,269	11,583	726	6,132	9,770
Goyder	50,665	4,389	434	177,990	3,639
Grant	69,312	2,364	2,709	182,209	5,780
Holdfast Bay	259,419	22,262	828	-	12,387
Kangaroo Island	140,196	15,898	1,193	131,902	37,356
Karoonda East Murray	25,007	5,038	2,375	169,222	4,024
Kimba	41,246	13,347	-	160,201	6,017
Kingston	116,354	8,507	583	196,192	29,203
Light	99,988	7,361	6,902	95,055	6,950
Lower Eyre Peninsula	117,168	6,368	321	166,374	26,830
Loxton Waikerie	63,870	5,935	1,647	53,807	5,385
Mallala	90,973	2,076	590	71,002	10,331
Marion	156,046	16,904	1,663	75	6,024
Mid Murray	139,680	5,081	784	64,350	20,642
Mitcham	198,428	10,587	1,232	658	9,071
Mount Barker	120,789	13,837	1,193	35,523	10,910
Mount Gambier	89,013	15,066	2,745	664	7,294
Mount Remarkable	75,039	4,633	197	105,663	8,696
Murray Bridge	78,129	12,116	4,148	23,358	9,487
Naracoorte Lucindale	62,552	9,039	1,374	172,889	5,950
Northern Areas	51,657	7,171	722	193,772	5,362
Norwood, Payneham & St Peters	228,259	42,769	2,510	15	11,779
Onkaparinga	123,932	8,327	1,657	7,199	7,404
Orroroo Carrieton	42,977	3,679	276	121,183	2,954
Peterborough	38,757	4,856	304	29,765	2,600
Playford	78,867	9,376	2,195	12,094	6,211
Port Adelaide Enfield	133,876	25,529	12,798	36	12,082
Port Augusta	78,738	14,431	518	1,319	7,716
Port Lincoln	111,943	21,457	3,481	1,117	11,226
Port Pirie	70,412	9,665	1,268	16,416	5,801
Prospect	201,282	16,156	170	-	4,663
Renmark Paringa	65,272	9,048	1,475	33,943	3,970
Robe	323,324	27,033	1,381	211,201	50,052
Roxby Downs	138,382	19,022	311	-	10,298
Salisbury	105,348	14,164	3,218	722	6,384
Southern Mallee	34,179	6,986	353	167,802	3,608
Streaky Bay	90,656	10,840	410	73,543	22,847
Tatiara	42,343	7,150	2,116	164,349	5,072
Tea Tree Gully	135,667	10,997	920	901	5,381
Tumby Bay	109,017	10,378	197	171,098	15,007
Unley	259,730	28,298	373	3	11,347
Victor Harbor	194,158	15,898	799	24,566	25,095
Wakefield	57,367	7,755	907	173,449	5,656
Walkerville	318,551	9,489	-	-	16,403
Wattle Range	66,367	6,224	7,696	152,420	7,409
West Torrens	167,281	27,623	6,551	69	9,885
Whyalla	75,553	10,914	1,086	491	5,322
Wudinna	30,448	11,427	64	118,458	3,527
Yankalilla	223,914	10,877	607	100,634	39,703
Yorke Peninsula	189,671	8,734	868	186,067	17,496
State	144,282	18,331	2,779	20,014	10,047

APPENDIX VIII – Units of Measure by function - Expenditure

Data sourced from Councils and the Australian Bureau of Statistics as at 30 June 2011.

<i>Function</i> :	Waste Management	Aged Care Services	Services to Families & Children	Health Inspection	Libraries	Sport and Recreation
<i>Unit of Measure</i> :	Number of Residential Properties	Population Aged > 65 years	Population Aged 0-14 years	Establishments to Inspect	Number of Library Visitors	Population Aged 5-64 years
Adelaide	9,294	2,112	1,005	1,271	-	17,196
Adelaide Hills	12,452	5,125	7,487	913	-	32,694
Alexandrina	11,353	5,143	4,052	305	-	17,259
Barossa	7,966	3,621	4,433	396	-	17,898
Barunga West	1,574	529	423	94	-	1,950
Berri Barmera	4,123	1,811	2,155	275	-	8,771
Burnside	18,412	8,605	6,713	350	-	33,895
Campbelltown	20,022	9,234	8,026	249	-	37,698
Ceduna	1,260	456	881	385	-	3,071
Charles Sturt	47,008	20,140	16,837	766	-	82,295
Clare & Gilbert Valleys	3,091	1,537	1,655	158	-	6,753
Cleve	664	324	379	29	-	1,472
Coober Pedy	1,239	397	281	64	-	1,403
Coorong	1,925	1,042	1,123	146	-	4,451
Copper Coast	7,692	3,076	2,230	118	-	9,313
Elliston	535	190	240	32	-	900
Flinders Ranges	734	394	363	32	-	1,289
Franklin Harbour	596	265	289	192	-	1,022
Gawler	8,311	3,714	3,831	311	-	16,097
Goyder	1,622	791	851	81	-	3,233
Grant	2,316	937	1,822	243	-	6,899
Holdfast Bay	17,174	7,722	4,361	376	-	26,709
Kangaroo Island	2,512	758	869	121	-	3,629
Karoonda East Murray	415	250	227	21	-	850
Kimba	330	230	196	33	-	832
Kingston	1,157	520	363	95	-	1,859
Light	4,223	1,435	3,135	144	-	11,555
Lower Eyre Peninsula	1,755	678	1,017	73	-	3,954
Loxton Waikerie	4,387	2,133	2,357	195	-	9,216
Mallala	2,616	877	1,755	241	-	7,108
Marion	36,621	13,818	13,642	502	-	66,429
Mid Murray	5,148	1,788	1,247	465	-	6,420
Mitcham	25,132	11,645	10,980	759	-	50,355
Mount Barker	9,879	3,346	6,606	588	-	24,969
Mount Gambier	11,201	3,746	5,050	190	-	20,386
Mount Remarkable	1,366	577	538	107	-	2,206
Murray Bridge	7,420	3,276	3,795	210	-	14,977
Naracoorte Lucindale	2,727	1,164	1,714	111	-	6,788
Northern Areas	1,705	962	902	236	-	3,627
Norwood, Payneham & St Peters	16,490	6,638	4,851	1,036	-	28,040
Onkaparinga	63,636	21,308	31,174	1,026	-	131,073
Orroroo Carrieton	386	248	142	43	-	651
Peterborough	968	482	364	225	-	1,387
Playford	29,313	9,570	18,088	734	-	63,862
Port Adelaide Enfield	49,223	17,167	19,682	854	-	88,719
Port Augusta	6,236	1,955	3,201	199	-	11,612
Port Lincoln	6,289	2,201	3,034	165	-	11,425
Port Pirie	7,614	3,397	3,774	231	-	13,588
Prospect	8,623	2,594	3,626	180	-	17,128
Renmark Paringa	3,456	1,624	1,972	125	-	7,681
Robe	1,252	307	257	26	-	1,093
Roxby Downs	1,776	54	1,077	421	-	4,062
Salisbury	50,714	15,455	26,363	670	-	107,268
Southern Mallee	670	379	468	26	-	1,631
Streaky Bay	952	373	467	76	-	1,638
Tatiara	1,907	977	1,472	360	-	5,754
Tea Tree Gully	37,466	13,403	17,982	430	-	81,212
Tumby Bay	1,075	681	463	203	-	1,921
Unley	16,227	5,642	6,090	425	-	30,845
Victor Harbor	7,420	4,525	1,880	198	-	8,827
Wakefield	2,339	1,089	1,368	120	-	5,329
Walkerville	3,133	1,490	1,069	64	-	5,590
Wattle Range	4,416	1,996	2,604	306	-	9,675
West Torrens	25,337	10,422	8,316	519	-	42,513
Whyalla	10,544	3,179	4,831	135	-	18,312
Wudinna	380	175	323	47	-	1,081
Yankalilla	3,119	1,119	752	111	-	3,309
Yorke Peninsula	9,078	3,122	1,831	92	-	8,142
Total	667,992	255,940	291,349	19,923	-	1,280,792

<i>Function</i> :	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
<i>Unit of Measure</i> :	Sealed Built Up Kms	Sealed Non Built Up Kms	Sealed Built Up Kms	Unsealed Built Up Kms	Unsealed Non Built Up Kms	Unformed Kms
Adelaide	123	-	123	-	-	-
Adelaide Hills	205	402	205	6	464	9
Alexandrina	246	296	246	17	757	24
Barossa	143	197	143	10	547	71
Barunga West	34	38	34	7	755	108
Berri Barmera	70	191	70	14	115	38
Burnside	228	-	228	-	5	0
Campbelltown	254	-	254	-	0	-
Ceduna	42	35	42	4	1,377	257
Charles Sturt	569	-	569	1	-	0
Clare & Gilbert Valleys	76	142	76	13	1,408	187
Cleve	21	51	21	8	1,199	116
Coober Pedy	25	3	25	28	101	263
Coorong	54	291	54	14	1,528	1
Copper Coast	171	102	171	41	503	131
Elliston	22	22	22	8	960	136
Flinders Ranges	22	1	22	10	893	336
Franklin Harbour	18	69	18	-	811	37
Gawler	131	30	131	3	16	2
Goyder	67	88	67	33	2,834	226
Grant	26	438	26	2	799	315
Holdfast Bay	171	-	171	-	-	-
Kangaroo Island	52	197	52	56	1,006	51
Karoonda East Murray	10	94	10	5	1,142	48
Kimba	12	71	12	10	988	636
Kingston	43	83	43	4	554	60
Light	75	94	75	24	1,207	57
Lower Eyre Peninsula	44	92	44	17	1,100	83
Loxton Waikerie	68	341	68	16	1,692	200
Mallala	75	61	75	46	639	136
Marion	471	-	471	0	-	-
Mid Murray	74	266	74	27	2,031	984
Mitcham	378	16	378	1	0	2
Mount Barker	170	167	170	15	346	30
Mount Gambier	198	16	198	0	3	1
Mount Remarkable	26	68	26	17	1,520	432
Murray Bridge	146	269	146	8	529	21
Naracoorte Lucindale	80	407	80	3	1,083	41
Northern Areas	62	72	62	32	1,758	274
Norwood, Payneham & St Peters	160	-	160	-	-	-
Onkaparinga	1,009	252	1,009	7	182	3
Orroroo Carrieton	18	27	18	7	879	696
Peterborough	31	8	31	7	799	385
Playford	455	243	455	1	95	6
Port Adelaide Enfield	663	-	663	4	-	-
Port Augusta	140	51	140	27	98	92
Port Lincoln	142	7	142	4	3	2
Port Pirie	182	148	182	11	622	212
Prospect	87	-	87	-	-	-
Renmark Paringa	50	257	50	5	133	51
Robe	29	13	29	2	336	56
Roxby Downs	29	6	29	-	4	-
Salisbury	753	23	753	3	3	-
Southern Mallee	25	90	25	7	1,070	144
Streaky Bay	44	35	44	10	1,425	219
Tatiara	82	431	82	11	1,182	225
Tea Tree Gully	559	17	559	2	8	6
Tumby Bay	31	21	31	4	959	95
Unley	164	-	164	-	-	-
Victor Harbor	134	112	134	10	124	2
Wakefield	67	124	67	7	2,170	313
Walkerville	35	-	35	-	-	-
Wattle Range	142	367	142	36	1,351	559
West Torrens	289	-	289	0	-	-
Whyalla	200	17	200	5	54	3
Wudinna	17	64	17	8	1,259	350
Yankalilla	53	76	53	3	363	48
Yorke Peninsula	170	292	170	54	3,136	236
Total	10,462	7,390	10,462	733	46,928	9,019

<i>Function :</i>	Stormwater Drainage - Maintenance	Community Support	Jetties and Wharves	Public Order and Safety	Planning & Building Control	Bridges
<i>Unit of Measure :</i>	No. of Urban, Industrial & Commercial Properties (excluding exempt)	Population x CRI (SEIFA Index of Advantage/Disadvantage)	Number of Jetties and Wharves	Total Number of Properties	Number of New Developments & Additions	Number of Bridges
Adelaide	18,571	17,418	-	22,880	1,096	11
Adelaide Hills	13,089	36,081	-	18,407	1,324	72
Alexandrina	11,897	24,250	2	18,828	2,161	35
Barossa	8,646	22,696	-	12,729	924	63
Barunga West	1,635	2,807	-	2,924	114	-
Berri Barmera	4,570	11,969	1	6,705	221	-
Burnside	19,445	37,894	-	21,843	1,068	6
Campbelltown	20,666	48,129	-	23,246	1,256	63
Ceduna	1,436	4,071	3	2,617	148	-
Charles Sturt	50,373	108,890	-	56,189	3,384	5
Clare & Gilbert Valleys	3,472	9,050	-	7,305	361	30
Cleve	751	1,940	1	1,693	67	-
Coober Pedy	1,358	2,099	-	1,977	68	-
Coorong	2,099	6,216	4	4,849	166	-
Copper Coast	8,156	14,159	1	12,230	758	-
Elliston	592	1,201	1	1,561	49	-
Flinders Ranges	790	1,928	-	2,245	78	-
Franklin Harbour	633	1,429	-	1,314	106	2
Gawler	8,822	21,488	-	10,545	737	8
Goyder	1,786	4,549	-	4,992	133	10
Grant	2,424	8,474	-	5,813	310	1
Holdfast Bay	18,551	33,512	2	21,764	1,051	4
Kangaroo Island	2,717	4,780	1	5,938	227	25
Karoonda East Murray	449	1,227	-	1,475	37	-
Kimba	385	1,159	-	1,072	31	-
Kingston	1,253	2,592	1	2,838	107	-
Light	4,590	13,830	-	7,820	593	22
Lower Eyre Peninsula	1,854	5,017	3	4,213	317	2
Loxton Waikerie	4,785	12,768	-	8,797	251	-
Mallala	2,692	8,865	-	4,886	355	3
Marion	38,362	84,245	-	42,494	2,032	3
Mid Murray	5,340	9,232	-	11,090	506	12
Mitcham	26,395	58,757	-	29,539	1,658	21
Mount Barker	10,712	29,589	-	15,256	1,280	172
Mount Gambier	12,343	27,269	-	14,255	477	1
Mount Remarkable	1,447	3,125	1	3,577	133	9
Murray Bridge	7,991	21,357	-	11,864	646	6
Naracoorte Lucindale	3,064	8,678	-	6,719	283	24
Northern Areas	1,871	5,089	-	4,622	214	18
Norwood, Payneham & St Peters	18,776	33,604	-	20,817	1,095	-
Onkaparinga	66,840	163,111	1	77,652	4,326	49
Orroroo Carrieton	431	973	-	1,653	15	-
Peterborough	1,050	2,274	-	1,943	36	9
Playford	30,467	87,648	-	37,838	2,919	12
Port Adelaide Enfield	53,795	118,583	-	62,055	3,356	1
Port Augusta	6,733	15,808	2	8,091	340	9
Port Lincoln	7,092	15,315	2	8,675	400	1
Port Pirie	8,142	19,874	3	11,111	409	10
Prospect	9,232	19,417	-	10,132	414	-
Renmark Paringa	3,786	10,554	-	5,690	212	5
Robe	1,361	1,521	1	2,663	123	1
Roxby Downs	1,893	3,980	-	2,182	130	-
Salisbury	53,289	138,225	1	58,717	3,469	22
Southern Mallee	766	2,245	-	2,018	37	-
Streaky Bay	1,036	2,292	1	2,647	119	-
Tatiara	2,184	7,332	-	5,079	144	16
Tea Tree Gully	38,932	96,360	-	42,577	2,335	5
Tumby Bay	1,150	2,910	2	2,462	78	4
Unley	17,743	34,100	-	19,495	893	8
Victor Harbor	7,886	14,302	-	10,851	657	30
Wakefield	2,539	7,267	-	5,857	211	24
Walkerville	3,254	6,457	-	3,652	239	-
Wattle Range	4,836	13,358	-	9,935	308	-
West Torrens	27,703	55,351	-	31,295	1,348	18
Whyalla	11,194	25,195	1	12,536	587	-
Wudinna	449	1,420	-	1,341	30	-
Yankalilla	3,270	4,791	2	5,742	341	35
Yorke Peninsula	9,471	12,633	11	14,936	867	-
Total	721,315	1,634,725	48	918,753	50,162	887

APPENDIX IX - Background of Financial Assistance Grants to Local Government

- i) Annual reports of the interim State Grants Commission and the South Australian Local Government Grants Commission presented since 1976 have contained detailed information on the history of the provision of Commonwealth Financial Assistance Grants to Local Government in Australia.
- ii) Further information particularly with regard to the general methodology is also available in the 1974, 1975, 1976 and 1977 reports of the Commonwealth Grants Commission dealing with financial assistance for Local Government, the Report of the National Inquiry into Local Government Finance (Self Report) published in 1985¹ and the 1991 report of the Commonwealth Grants Commission on the Distribution of General Purpose Grants for Local Government.²
- iii) The following is a summary of important events since the commencement of the Commonwealth's involvement in the provision of financial assistance to Local Government:
 - *Commonwealth Grants Commission Act, 1973* – the Commonwealth Grants Commission was given the power to assess Financial Assistance Grants to Local Government with a view to promoting fiscal equalisation between regions. Applications for assistance under Section 96 of the Constitution could be made by 'approved regional organisations' of Local Government.
 - *1974-75* - First Commonwealth general-purpose grant of \$56.345 million distributed to local government authorities on the basis of recommendations by the Commonwealth Grants Commission. South Australia received \$4.774 million or 8.4728 per cent of the total allocation.
 - *1975-76* - \$79.908 million distributed by the Commonwealth Grants Commission. South Australia received \$6.785 million or 8.4910 per cent of the total allocation.
 - *May 1976* - Special report of the Commonwealth Grants Commission included recommendations on tax-sharing grants to Local Government.
 - *Commonwealth Grants Commission Act, 1976* - Replaced the 1973 Act. Deleted reference to 'approved regional organisations'. Introduced new definition of a grant of assistance to a State or Local Government purposes.
 - *Local Government (Personal Income Tax Sharing) Act, 1976* - Provided for continuation of general-purpose grants to Local Government with the level of funding being linked to Commonwealth personal income tax collections. Relevant percentages were:

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

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

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

- *July 1976* - Interim SA Grants Commission established to recommend allocation of \$11.925 million in South Australia for 1976-77.
- *South Australian Local Government Grants Commission Act, 1976* - Enacted 21 October 1976 and proclaimed 19 May 1977. The Commission's main function was to recommend on the distribution of grants.

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.
- *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.

APPENDIX X - 2011 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 2010-11 General Information, Supplementary Returns and their Audited Financial Statements by the due date of 30 November 2011 and thereby facilitated the timely determination of grants.

- | | |
|--------------------------|----------------------------------|
| 1. Adelaide City | 27. Northern Areas |
| 2. Alexandrina | 28. Norwood Payneham & St Peters |
| 3. Barossa | 29. Onkaparinga |
| 4. Barunga West | 30. Peterborough |
| 5. Berri Barmera | 31. Playford |
| 6. Burnside | 32. Port Adelaide Enfield |
| 7. Campbelltown | 33. Port Lincoln |
| 8. Ceduna | 34. Port Pirie |
| 9. Charles Sturt | 35. Prospect |
| 10. Cleve | 36. Robe |
| 11. Copper Coast | 37. Roxby Downs |
| 12. Flinders Ranges | 38. Salisbury |
| 13. Franklin Harbour | 39. Streaky Bay |
| 14. Goyder | 40. Tatiara |
| 15. Grant | 41. Tea Tree Gully |
| 16. Holdfast Bay | 42. Tumby Bay |
| 17. Karoonda East Murray | 43. Unley |
| 18. Kimba | 44. Victor Harbor |
| 19. Kingston | 45. Wakefield Regional |
| 20. Light Regional | 46. Walkerville |
| 21. Lower Eyre Peninsula | 47. Wattle Range |
| 22. Mallala | 48. West Torrens |
| 23. Marion | 49. Whyalla |
| 24. Mid Murray | 50. Wudinna |
| 25. Mitcham | 51. Yankalilla |
| 26. Mount Gambier | 52. Yorke Peninsula |

APPENDIX XI - Financial Statements

SOUTH AUSTRALIAN LOCAL GOVERNMENT GRANTS COMMISSION

FINANCIAL STATEMENTS

For the year ended

30 June 2012

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2012

	Note	2012 \$' 000	2011 \$' 000
Expenses			
Employee benefits	4	235	219
Supplies and services	5	152	239
Grants and subsidies	6	-	5
Total expenses		387	463
Income			
Fees and charges	8	-	20
Interest	9	86	100
Sale of goods	10	7	7
Grants refund		116	-
Other income	11	5	-
Total income		214	127
Net cost of providing services		173	336
Revenues from SA Government			
Revenues from SA Government	12	476	475
Net result		303	139
Total comprehensive result		303	139

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

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Note	2012 \$' 000	2011 \$' 000
Current assets			
Cash	13	983	661
Receivables	14	3	8
Total current assets		986	669
Total assets		986	669
Current liabilities			
Payables	15	13	12
Employee benefits	16	33	18
Total current liabilities		46	30
Non-current liabilities			
Payables	15	6	6
Employee benefits	16	63	65
Total non-current liabilities		69	71
Total liabilities		115	101
Net assets		871	568
Equity			
Retained earnings		871	568
Total equity		871	568

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

Unrecognised contractual commitments	17
Contingent assets and liabilities	18

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2012

	Retained earnings \$'000	Total \$'000
Balance at 30 June 2010	429	429
Net result for 2010-11	139	139
Total comprehensive result for 2010-11	139	139
Balance at 30 June 2011	568	568
Net result for 2011-12	303	303
Total comprehensive result for 2011-12	303	303
Balance at 30 June 2012	871	871

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

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

STATEMENT OF CASH FLOWS

For the year ended 30 June 2012

	Note	2012 \$' 000	2011 \$' 000
		Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities			
Cash outflows			
Employee benefits		(220)	(221)
Supplies and services		(152)	(239)
Grants and subsidies		-	(5)
Cash used in operations		(372)	(465)
Cash inflows			
Fees and charges		-	20
Interest		90	98
Sale of goods		7	7
Grants refund		116	-
Other receipts		5	-
Cash generated from operations		218	125
Cash flows from SA Government			
Receipts from SA Government		476	475
Cash generated from SA Government		476	475
Net cash provided by operating activities	19	322	135
Net increase in cash		322	135
Cash at the beginning of the period		661	526
Cash at the end of the period	13	983	661

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

NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS

Financial Year Ended 30 June 2012

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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 State/Local Government Relations 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 are General Purpose Financial Statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards, Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Commission for the reporting period ending 30 June 2012 (refer to Note 4).

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 the following note disclosures, which have been included in these financial statements:
 - a) Income, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100,000 for separate identification of these items applies.
 - b) Expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income).
 - c) Commission member and remuneration information where a member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The Commission's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historical cost convention.

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2012 and the comparative information presented.

c) Reporting Entity

The Commission was established pursuant to the *South Australian Local Government 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 21.

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.

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

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), emergency services levy, land tax equivalents and local government rate equivalents.

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 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 the Department of Planning and Local Government (DPLG) is responsible for the remittance and collection of GST.

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

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

g) Income

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

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

The notes accompanying the financial statements disclose income where the counterparty / transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Transactions with SA Government entities below the threshold of \$100,000 have been included with the non-government transactions, classified according to their nature.

The following are specific recognition criteria:

Revenues from SA Government

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

Fees and charges

Income from fees and charges are derived from the provision of goods and services to other SA Government agencies and to the public. This income is recognised upon delivery of the service to the clients or by reference to the stage of completion.

Sale of goods

Income from sale of goods is derived from the provision of statistical information to councils.

Interest

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

Administered grants

Grants from the Commonwealth Government are recognised when the Commission obtains control over the grants. Control over the grants is normally obtained upon receipt.

h) Expenses

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

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

The notes accompanying the financial statements disclose expenses where the counterparty / transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Transactions with SA Government entities below the threshold of \$100,000 have been included with the non-government transactions, classified according to their nature.

The following are specific recognition criteria:

Employee benefits

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

Superannuation

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

Grants and subsidies

Grants and subsidies are recognised as a liability and expense when the Commission has a present obligation to pay the contribution and the expense recognition criteria are met.

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

Administered grants

Administered grants are recognised when paid.

i) Current and non-current classification

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

Where asset and liability line items combine amounts that are expected to be realised within twelve months and more than twelve months, the Commission has separately disclosed the amounts expected to be recovered or settled after more than twelve months.

j) Assets

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

Where an asset line item combines amounts expected to be settled within twelve months and more than twelve months, the Commission has separately disclosed the amounts expected to be recovered after more than twelve months.

The notes accompanying the financial statements disclose financial assets where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Cash

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

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

Cash is measured at nominal value.

Receivables

Receivables include interest earned during the period that has not yet been received.

k) Liabilities

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

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

The notes accompanying the financial statements disclose financial liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Payables

Payables include accrued expenses and employment on-costs.

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

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

Employee benefit on-costs include payroll tax and superannuation contributions on outstanding liabilities for salaries and wages, long service leave and annual leave.

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

Employee benefits

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

Wages, salaries, annual leave and sick leave

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

The annual leave liability is expected to be payable within twelve months and is measured at the undiscounted amount expected to be paid. Where salaries and wages and annual leave are payable later than 12 months, the liability will be measured at present value.

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

Long service leave

An actuarial assessment of long service leave liability undertaken by the Department of Treasury and Finance based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using a short hand method was not materially different from the liability measured using a present value of expected future payments.

Based on this actuarial assessment, the short hand method was used to measure the long service leave liability for 2012. Refer to Note 16.

This calculation is consistent with the Commission's experience of employee retention and leave taken.

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.

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

Note 3 New and revised accounting standards

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Commission for the period ending 30 June 2012. The Commission has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Commission.

4 Employee benefits				
	2012	2011		
	\$' 000	\$' 000		
Salaries and wages	135	122		
Annual leave	15	17		
Long service leave	10	7		
Employment on-costs - superannuation	18	17		
Employment on-costs - other	11	10		
Commission fees	46	46		
Total employee benefits	235	219		
5 Supplies and services				
	2012	2011		
	\$' 000	\$' 000		
Supplies and services provided by entities within SA Government				
Professional and technical services ⁽¹⁾	79	175		
Total supplies and services - SA Government entities	79	175		
Supplies and services provided by entities external to the SA Government				
Professional and technical services	31	32		
Administrative and operating costs	8	10		
Travel	13	21		
National conference	18	-		
Staff development and safety	3	1		
Total supplies and services - non SA Government entities	73	64		
Total supplies and services	152	239		
(1) Includes consultancies costs which are further broken down below.				
The number and dollar amount of consultancies paid (included in supplies and services expense) fell within the following band:				
	2012	2012	2011	2011
	Number	\$' 000	Number	\$' 000
Below \$10,000	1	2	-	-
Between \$10,000 and \$50,000	-	-	1	10
Total paid to the consultant engaged	1	2	1	10
6 Grants and subsidies				
	2012	2011		
	\$' 000	\$' 000		
Grants and subsidies paid/payable to entities external to the SA Government				
Asset management financial assistance	-	5		
Total grants and subsidies - non SA Government entities	-	5		
Total grants and subsidies	-	5		
7 Auditor's remuneration				
	2012	2011		
	\$' 000	\$' 000		
Audit fees payable to the Auditor-General's Department	9	9		
Total audit fees	9	9		
Other services				
No other services were provided by the Auditor-General's Department.				
8 Fees and charges				
	2012	2011		
	\$' 000	\$' 000		
Charges and fees received/receivable from entities within SA Government				
Administration fees	-	20		
Total fees and charges - SA Government entities	-	20		
Total from fees and charges	-	20		
9 Interest				
	2012	2011		
	\$' 000	\$' 000		
Interest from entities within the SA Government	86	100		
Total interest	86	100		

10 Sale of goods		
	2012	2011
	\$' 000	\$' 000
Sale of goods received/receivable from entities external to SA Government		
Sale of database reports	7	7
Total sale of goods - non SA Government entities	7	7
Total sale of goods	7	7

11 Other income		
	2012	2011
	\$' 000	\$' 000
Other income received/receivable from entities external to SA Government		
Reimbursements/recoveries	5	-
Total other income - non SA Government entities	5	-

12 Revenues from SA Government		
	2012	2011
	\$' 000	\$' 000
Revenues from SA Government		
Appropriations from Consolidated Account pursuant to the Appropriation Act	476	475
Total revenues from SA Government	476	475

Appropriation for the Administered Items for the Department of Planning and Local Government is received into a Special Deposit Account and paid across as an intra-government transfer to the Commission.

13 Cash		
	2012	2011
	\$' 000	\$' 000
Deposits with the Treasurer	983	661
Total cash	983	661

Interest rate risk

Cash on hand is non-interest bearing. Deposits at call and with the Treasurer are bearing a floating interest rate between 3.93% and 4.60%. The carrying amount of cash and cash equivalents approximates fair value.

14 Receivables		
	2012	2011
	\$' 000	\$' 000
Receivables from SA Government entities		
Accrued interest	3	7
Total current receivables from SA Government entities	3	7
Total current receivables from non SA Government entities		
Prepayments	-	1
Total current receivables from non SA Government entities	-	1
Total current receivables	3	8

Interest rate and credit risk

No trade receivables exist as at 30 June 2012. The accrued interest on deposit represents interest on deposits with the Treasurer.

Bad and doubtful debts

There were no bad debts or doubtful debts recognised during the year (2011: nil).

15 Payables

	2012	2011
	\$' 000	\$' 000
Current		
Accrued expenses	9	9
Employment on-costs	4	3
Total current payables	13	12
Non-current		
Employment on-costs	6	6
Total non-current payables	6	6
Total payables	19	18
Payables to SA Government entities		
Employment on-costs	10	9
Accrued expenses	9	9
Total payables to other SA Government entities	19	18

Interest rate risk

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

16 Employee benefits

	2012	2011
	\$' 000	\$' 000
Current		
Annual leave	18	17
Long service leave	15	1
Total current employee benefits	33	18
Non-current		
Long service leave	63	65
Total non-current employee benefits	63	65
Total employee benefits	96	83

AASB 119 Employee Benefits contains the calculation methodology for long service leave liability. It is accepted practice to estimate the present values of future cash outflows associated with the long service leave liability by using a shorthand measurement technique. The shorthand measurement technique takes into account such factors as changes in discount rates and salary inflation.

AASB 119 requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds has decreased from 2011 (5.25%) to 2012 (3.0%).

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

The net financial effect of the changes in the current financial year is an increase in the long service leave liability of \$4,265 and employee benefit expense of \$706.

17 Unrecognised contractual commitments

No material commitments exist as at 30 June 2012.

18 Contingent assets and contingent liabilities

The Commission is not aware of any contingent assets or liabilities.

19 Cash flow reconciliation

	2012	2011
	\$' 000	\$' 000
Reconciliation of cash at 30 June		
Cash disclosed in the Statement of Financial Position	983	661
Balance as per the Statement of Cash Flows	983	661
Reconciliation of net cash provided by/(used in) operating activities to net cost of providing services:		
Net cash provided by/(used in) operating activities	322	135
Less: revenue from SA Government	(476)	(475)
Add (Less) non-cash items:		
Changes in assets/liabilities		
Increase/(decrease) in receivables	(5)	2
(Increase)/Decrease in payables	(1)	1
Decrease/(Increase) in employee benefits	(13)	1
Net cost of providing services	(173)	(336)

20 Remuneration of commission members

Members of the Commission during 2011-12 were:

Gascoigne C J
Patetsos M
Ross J S

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

	2012 Number of members	2011 Number of members
\$1 - \$9 999	-	1
\$10 000 - \$19 999	2	2
\$20 000 - \$29 999	1	1
Total number of members	3	4

Remuneration of members reflects all costs of performing member's duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$50,000 (2011: \$50,000).

Total amount paid to a superannuation plan for commission members was \$4,000 (2011: \$4,000).

In accordance with the Department of Premier and Cabinet Circular No.016, government employees are not entitled to receive any remuneration for commission duties. No members were government employees during 2011-12 and 2010-11.

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

21 Disclosure of administered items

	2012 \$' 000	2011 \$' 000
Administered revenues - Commonwealth receipts		
Commonwealth Financial Assistance Grants	185,520	143,282
Commonwealth Roads to Recovery Grants	4,785	4,448
Commonwealth Specific Purpose Grants	16,249	15,566
Total administered revenues - Commonwealth receipts	206,554	163,296
Administered expenses - Commonwealth payments		
Local Government Financial Assistance Grants	185,520	143,282
Local Government Roads to Recovery Grants	5,813	4,448
Commonwealth Specific Purpose Grants	16,249	15,566
Total administered expenses - Commonwealth payments	207,582	163,296
Cash held at the commencement of the year	1,028	1,028
Cash held at the end of the year	(0)	1,028

During 2011-12, an additional \$75 million funding was received and distributed for projects which were designated to commence in 2012-2013. During 2010-11 there was a similar occurrence where an additional \$36 million funding was received and distributed for projects which were designated to commence in 2011-2012.

22 Events after the reporting period

No events have occurred after the reporting period that would affect the financial statements of the Commission as at 30 June 2012.

19 Cash flow reconciliation

	2012	2011
	\$' 000	\$' 000
Reconciliation of cash at 30 June		
Cash disclosed in the Statement of Financial Position	983	661
Balance as per the Statement of Cash Flows	983	661
Reconciliation of net cash provided by/(used in) operating activities to net cost of providing services:		
Net cash provided by/(used in) operating activities	322	135
Less: revenue from SA Government	(476)	(475)
Add (Less) non-cash items:		
Changes in assets/liabilities		
Increase/(decrease) in receivables	(5)	2
(Increase)/Decrease in payables	(1)	1
Decrease/(Increase) in employee benefits	(13)	1
Net cost of providing services	(173)	(336)

20 Remuneration of commission members

Members of the Commission during 2011-12 were:

Gascoigne C J
Patetsos M
Ross J S

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

	2012	2011
	Number of members	Number of members
\$1 - \$9 999	-	1
\$10 000 - \$19 999	2	2
\$20 000 - \$29 999	1	1
Total number of members	3	4

Remuneration of members reflects all costs of performing member's duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$50,000 (2011: \$50,000).

Total amount paid to a superannuation plan for commission members was \$4,000 (2011: \$4,000).

In accordance with the Department of Premier and Cabinet Circular No.016, government employees are not entitled to receive any remuneration for commission duties. No members were government employees during 2011-12 and 2010-11.

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

21 Disclosure of administered items

	2012	2011
	\$' 000	\$' 000
Administered revenues - Commonwealth receipts		
Commonwealth Financial Assistance Grants	185,520	143,282
Commonwealth Roads to Recovery Grants	4,785	4,448
Commonwealth Specific Purpose Grants	16,249	15,566
Total administered revenues - Commonwealth receipts	206,554	163,296
Administered expenses - Commonwealth payments		
Local Government Financial Assistance Grants	185,520	143,282
Local Government Roads to Recovery Grants	5,813	4,448
Commonwealth Specific Purpose Grants	16,249	15,566
Total administered expenses - Commonwealth payments	207,582	163,296
Cash held at the commencement of the year	1,028	1,028
Cash held at the end of the year	(0)	1,028

During 2011-12, an additional \$75 million funding was received and distributed for projects which were designated to commence in 2012-2013. During 2010-11 there was a similar occurrence where an additional \$36 million funding was received and distributed for projects which were designated to commence in 2011-2012.

22 Events after the reporting period

No events have occurred after the reporting period that would affect the financial statements of the Commission as at 30 June 2012.

18 Contingent assets and contingent liabilities

The SA Local Government Grants Commission is not aware of any contingent assets or liabilities.

19 Cash flow reconciliation

	2010	2009
	\$' 000	\$' 000
Reconciliation of cash at 30 June		
Cash disclosed in the Statement of Financial Position	526	463
Balance as per the Statement of Cash Flows	526	463
Reconciliation of net cash provided by/(used in) operating activities to net cost of providing services:		
Net cash provided by/(used in) operating activities	63	(156)
Less: revenue from SA Government	(463)	(452)
Changes in assets/liabilities		
Increase/(decrease) in receivables	2	(11)
Decrease in payables	16	12
Decrease/(Increase) in employee benefits	73	(55)
Net cost of providing services	(309)	(662)

20 Remuneration of commission members

Members of the SA Local Grants Commission were:

Germein M
Patetsos M
Ross J

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

	2010	2009
	Number of members	Number of members
\$10 000 - \$19 999	2	2
\$20 000 - \$29 999	1	1
Total number of members	3	3

Remuneration of members reflects all costs of performing member's duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$49,860 (2009: \$50,630).

Total amount paid to a superannuation plan for commission members was \$4,117 (2009: \$4,180).

In accordance with the Department of Premier and Cabinet Circular No.016, government employees are not entitled to receive any remuneration for commission duties. There are no members who are government employees in 2009-10 and 2008-09.

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

21 Disclosure of administered items

	2010	2009
	\$' 000	\$' 000
Administered revenues - Commonwealth receipts		
Commonwealth Financial Assistance Grants	124,820	163,223
Commonwealth Roads to Recovery Grants	2,897	4,287
Commonwealth Specific Purpose Grants	23,461	14,267
Total administered revenues - Commonwealth receipts	151,178	181,777
Administered expenses - Commonwealth payments		
Local Government Financial Assistance Grants	124,820	163,223
Local Government Roads to Recovery Grants	2,897	4,287
Commonwealth Specific Purpose Grants	23,461	14,267
Total administered expenses - Commonwealth payments	151,178	181,777
Net operating surplus	-	-
Cash held at the commencement of the year	1,028	1,028
Cash held at the end of the year	1,028	1,028

22 Events after the reporting period

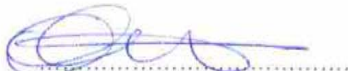
No events have occurred after the reporting period that would affect the financial statements of the SA Local Government Grants Commission as at 30 June 2010.

Certification of the Financial Statements

We certify that the:

- Financial statements of the SA Local Government Grants Commission:
 - are in accordance with the accounts and records of the authority; and
 - comply with relevant Treasurer's Instructions; and
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the authority 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 SA 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 Person
SA Local Government
Grants Commission



Peter Ilee
Executive Officer
SA Local Government
Grants Commission

7 November 2012

7 November 2012

INDEPENDENT AUDITOR'S REPORT

Government of South Australia
Auditor-General's Department

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

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the accompanying financial report of the South Australian Local Government Grants Commission for the financial year ended 30 June 2012. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2012
- a Statement of Financial Position as at 30 June 2012
- a Statement of Changes in Equity for the year ended 30 June 2012
- a Statement of Cash Flows for the year ended 30 June 2012
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Chairperson and the Executive Officer.

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

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the South Australian Local Government Grants Commission as at 30 June 2012, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.



S O'Neill
AUDITOR-GENERAL
21 November 2012